Ulcers
Is lasting relief on the way?
Page 14

Germany
The social contract scrapes through
Page 16

British Coal
Bidders line up
Page 19

US politics
Clinton and Perot look out for number two
Page 4

NEWSPAPER OF THE YEAR

FINANCIAL TIMES

Tuesday May 19 1992 | EUROPE'S BUSINESS NEWSPAPER | D8523A

'Friendly fire' decision may sour US-UK relations

The British government was under strong pressure last night to extradite US pilots involved in the deaths of nine British servicemen during the Gulf war. A UK inquest ruled they had been "unlawfully killed" in an incident involving so-called "friendly fire".

The jury's surprise decision may force government law officers into a choice between souring *relations with the US or facing a backlash from* the victims' families and MPs.

Swiss EC application: Switzerland will shortly apply to join the EC in a move that will anger the country's traditional *isolationist* elements. The move was spurred partly by a recent referendum showing that most Swiss favoured membership of the *IMF* and *World Bank. Page 18*

Goldman Sachs, US investment bank, acquired the 20 per cent stake in Sulzer Brothers, Swiss engineering group, formerly held by Omni, for about $180m. Page 19

US presidential race: Ross Perot, buoyed by the first national opinion poll to put him ahead in the presidential race, promised "to take out the trash and clear out the barn" in Washington. He will declare his independent candidacy "whenever the time feels right". Page 18

Taiwan Aerospace has proposed a deal with McDonnell Douglas, US aircraft manufacturer, to set up a financing arm to buy a new range of aircraft from the US group. The deal would initially rule out large Taiwanese equity investments. Page 19

Bosnian ceasefire: Serb, Moslem and Croat leaders agreed a 21-day ceasefire in the battle-torn *Bosnian capital Sarajevo.*

Nazi camp boss sentenced to life:

Former Nazi concentration camp chief Josef Schwammberger (left) was sentenced to life imprisonment by a Stuttgart court on seven charges of murder and 32 of accessory to murder. Austrian-born Schwammberger, 80, was sentenced in what may be the last big Nazi trial in Germany.

Pressure on bank chief: The head of Russia's central bank, Georgy Matiukhin, faced calls for his resignation following accusations of law-breaking. Page 2

Uruguay Round: The EC underlined said an early and successful conclusion to the Uruguay Round of trade liberalisation talks would depend on US concessions. Page 3

Japan trade surplus: The trade surplus for April rose 13.4 per against the same month last year to $7.16bn. Page 6

Olympia & York: The UK government toughened its stance over a subway extension to Canary Wharf, the east London office development, saying construction would not begin until the £400m ($700m) pledged by O&Y had been secured. Page 18

Motorola, US semiconductor and communications equipment manufacturer, is building a factory outside Beijing to make products primarily for the Chinese market. Page 5

Lonrho chief executive Tiny Rowland met Col Muammer Gadaffi about what are thought to be "substantial misunderstandings" between *Libya and the UK-based conglomerate. Page 19*

Nigerian riots: Up to 100 people were feared killed in northern Nigeria as Moslems and Christians clashed around the city of Kaduna.

Democracy move: President Alberto Fujimori, in an about-face to avert the threat of sanctions against Peru, proposed a swift return to democracy.

Bethlehem Steel of the US and National Steel, Japanese-owned US steelmaker, will jointly build a $100m plant in the industry's latest US-Japan tie-up. Page 22

Italian wage dispute: Unions are protesting over the refusal of government and industry to pay an inflation-indexed wage increase. Page 2

Club Méditérranée, French holiday group, is joining forces with Carnival Cruise Lines, US travel company, to launch cruise holidays in Europe and Asia. Page 19

Ramos confident: Former Philippine defence chief Fidel Ramos, the administration-backed candidate in last week's presidential elections, widened his lead, though accusations of fraud persisted. Page 6

STOCK MARKET INDICES		
FT-SE 100:	2,703.6	(+21)
Yield	4.51	
FT-SE Eurotrack 100	1,184.41	(+13.17)
FT-A All Share	1,312.69	(+0.7%)
Nikkei	18,443.1	(+368.83)
New York:		
Dow Jones Ind Ave	3,376.03	(+22.94)
S&P Composite	412.81	(+2.72)
US CLOSING RATES		
Federal Funds:	$3\frac{13}{16}$%	($3\frac{13}{16}$%)
3-mo Treas Bills: Yld	3.682%	(3.663%)
Long Bond	102	($102\frac{1}{32}$)
Yield	7.82%	(7.812%)
LONDON MONEY		
3-mo Interbank	10%	($10\frac{1}{16}$%)
Liffe long gilt future:	*Jun $99\frac{11}{32}$*	*(Jun $99\frac{5}{32}$)*
NORTH SEA OIL (Argus)		
Brent 15-day (July)	$19.55	(19.575)
Gold		
New York Comex (Jun)	$339.3	(339.1)
London	$338.7	(339.4)

STERLING		
New York:		
$	1.836	(1.8235)
London:		
$	1.8355	(1.8195)
DM	2.9275	(2.9375)
FFr	9.8325	(9.8625)
SFr	2.69	(2.7075)
Y	236.25	(237)
£ Index	93	(92.8)
DOLLAR		
New York:		
DM	1.59565	(1.61)
FFr	5.358	(5.403)
SFr	1.4657	(1.4845)
Y	128.8	(129.85)
London:		
DM	1.5955	(1.6145)
FFr	5.5375	(5.42)
SFr	1.465	(1.488)
Y	128.75	(130.2)
$ Index	63	(63.4)
Tokyo close Y 128.68		

Austria	Sch30	Hungary	Ft162	Malta	Lm0.50	S Arabia	SR9.00
Bahrain	Din1.000	Iceland	IKr180	Morocco	MDh11	Singapore	S$4.10
Belgium	BFr60	India	Rs20	Neth	Fl 3.60	Spain	Pta200
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr14
Czech	Kcs35	Israel	Shk5.50	Norway	NKr15.00	Switz	SFr3.00
Denmark	DKr14	Italy	L2500	Oman	OR1.20	Thailand	Bht50
Egypt	E£4.00	Jordan	JD1.20	Pakistan	Rs35	Tunisia	Din1.000
Finland	*FM10*	*Korea*	*Won 2500*	*Philippines*	*Pso45*	*Turkey*	L6000
France	FFr8.50	Kuwait	Fils 600	Poland	Zl 18,000	UAE	Dh9.00
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es190		
Greece	Dr250	Lux	LFr60	Qatar	QR10.00		

Engineering industry pay settlement expected to set national pattern

Last ditch German wage pact

By Quentin Peel in Bonn and David Waller in Frankfurt

THE threat of a long hot summer of strikes in Germany was lifting yesterday as engineering workers across the country backed the last-ditch pay deal agreed at midnight on Sunday.

Trade unions and employers agreed that the 21 month deal, providing in effect a pay rise of 5.8 per cent this year and 3.4 per cent in 1993, with an hour's cut in the working week, would reduce the chances of prolonged strikes in other industries.

But cautionary words on the engineers' deal came from Mr Helmut Kohl, the chancellor, who said it would be "economically difficult". Mr Hans-Peter Stihl, president of the German chamber of commerce and industry, said the award was still excessive, and would hasten rationalisation and job cuts in the industry.

Mr Edzard Reuter, chief executive of Daimler-Benz, Germany's biggest industrial group, also criticised the settlement. He said Daimler would make it clear to employees that the agreement would harm Germany's status as an investment location.

Generally, however, the deal was greeted with relief for avoiding a damaging and possibly prolonged strike, at a time when the German economy is poised between recession and recovery.

However, hopes that the deal would prompt a rapid relaxation in the tough monetary policy of the German Bundesbank were firmly rejected last night by Mr Helmut Schlesinger, Bundesbank president, who warned that the agreement followed a pattern of excessive awards in recent months. He noted that even if the present 4.6 per cent inflation rate were reduced to between 3.5 and 4 per cent by the end of the year, it would still be too high.

Money supply was growing at an annual rate of 8 per cent, much faster than the central bank's target of between 3.5 and 5.5 per cent.

"Monetary policy cannot allow scope for passing on increased costs through increased prices", he told a bankers' dinner in Frankfurt.

His words are likely to disappoint the financial community and the Frankfurt stock exchange, where the DAX index rose almost 2 per cent yesterday in reaction to the pay settlement, and on hopes of lower interest rates.

The immediate effect of the deal, however, was to lift the cloud hanging over the engineering industry, and raise hopes of *similar deals in other sectors.*

An arbitration recommendation for the country's 1.5m building workers is due to be announced today having been held back from Saturday, apparently to await the outcome of the negotiations on the engineering workers' claim. A similar recommendation will be made today for the printing industry. The IG Medien union, representing print workers, is demanding an 11 per cent pay rise, and is conducting token strikes in protest at a 3.3 per cent offer.

The textile workers' union GTB yesterday also called for token strikes among its 160,000 members in support of a 9.5 per cent claim. Their employers have made no offer.

Reaction to settlement, Page 2
Back from the brink, Page 16
Currencies, Page 36
World stock markets, Back Page, Section II

Thai army fires on democracy protesters

By Victor Mallet in Bangkok

THAI TROOPS struggling to regain control of Bangkok fired on anti-government demonstrators in the city centre with machine guns and rifles last night, killing at least seven people and wounding more than 100.

Witnesses said the soldiers fired volley after volley at thousands of protesters outside the Royal Hotel. A doctor said that three people, apparently dead, and 25 bleeding from gunshot wounds were carried into the lobby.

Protesters set alight several buses and cars, which were left strewn across the streets, and smashed the windows of government buildings. Early today army snipers fired from rooftops in an attempt to force protesters off a central boulevard.

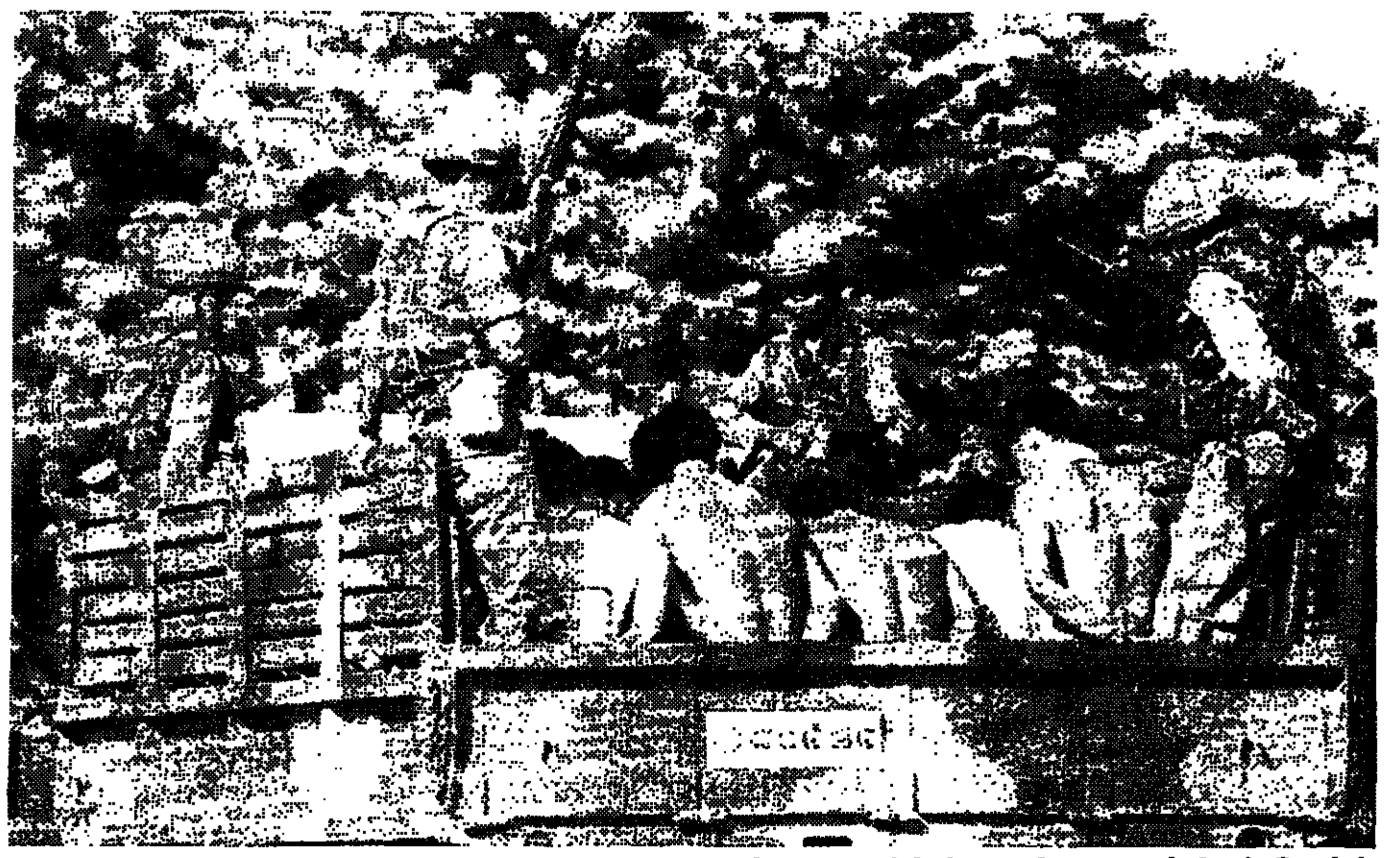
The violence, which has been concentrated on a large area of the city near the Democracy Monument, has aroused concern among foreign investors and Thailand's trading partners.

In Tokyo yesterday, Japan's government spokesman Mr Koichi Kato said he hoped order would be restored quickly.

"*Political stability in Thailand* is extremely important for the stability of south-east Asia, and therefore we are concerned," he said.

The Foreign Office in London advised Britons to delay any *travel to Bangkok and in Washington* the US State Department said joint military exercises with Thailand were under review.

Earlier in the day troops fired over the heads of a group of protesters and surrounded them, *arresting the opposition leader Mr Chamlong Srimuang and taking* him away in handcuffs.



Thai troops guard a truckload of demonstrators who were among those arrested during pro-democracy clashes in Bangkok

General Suchinda Kraprayoon, the prime minister, imposed a state of emergency in an attempt to restore order, but the crackdown only served to inflame the now leaderless demonstrators.

Throughout the day soldiers dispersed crowds of youths who promptly reassembled in scattered groups waving flags, setting vehicles ablaze and demanding the resignation of General Suchinda. Officials said troops had killed at least five people since the start of the unrest on *Sunday, but other reports said* the number of casualties was much higher.

Tourism, one of Thailand's main foreign exchange earners, is likely to be seriously affected. Government offices and schools *are closed until Thursday,* although banks and the stock market are supposed to reopen today after a Monday holiday.

Reckless young men on motorcycles were often in the vanguard of yesterday's scattered protests, harking back to the anti-government demonstrations of the 1970s. However, the demonstrators' opposition to heavy-handed military involvement in politics is widely shared by Bangkok's increasingly affluent and educated population.

Mr Chamlong, a devout Buddhist and anti-corruption campaigner who was once himself a *general in the army, served two* terms as governor of Bangkok and is particularly popular in the capital. Just before he was arrested, he told reporters that the demonstrators would make "no compromise at all".

General Suchinda, the former armed forces chief, said the government had no choice but to use force because the protesters were marching on government buildings.

arranged a coup d'état last year to overthrow the elected government of General Chatichai Choonhavan, accusing it of excessive corruption, and the military subsequently installed a businessman, Mr Anand Panyarachun, as interim prime minister.

But General Suchinda went on to earn the wrath of liberals for accepting the premiership himself – despite a promise not to do so – from a coalition of pro-military parties which won the elections in March this year. He then included several allegedly corrupt ministers from the Chatichai government in his cabinet.

Opposition leader wins heart of Bangkok, Page 6
Editorial Comment, Page 16

Pay deal boost for D-Mark and shares

By David Waller in Frankfurt and James Blitz and David Marsh in London

GERMAN share prices and the D-Mark were boosted yesterday by news that the German government had reached agreement on a 5.8 per cent wage package with metalworkers. But market relief was tempered by uncertainty over the impact of the settlement on the rate of inflation.

The DAX index of 30 leading German shares closed about 2 per cent higher yesterday, gaining 34.6 points to 1,758. The D-Mark *also gave its first strong performance* on currency markets for several weeks. By the end of European trading yesterday, it was at a three-month high against the dollar at DM1.5955, and had gained against most currencies in the European Monetary System.

The markets' bullishness reflected a positive, but not jubilant, response to the settlement. Markets had been expecting a strike and were pleasantly surprised at the last-minute turn of events. "It was a lot better than it could have been," said Mr Günter Kirchhain of Deutsche Bank's Düsseldorf-based institutional equities team. "It suggests that the much-heralded German disease may have turned out to be no more than a viral infection after all."

Others attributed the zest in the foreign exchanges to technical factors. Some D-Mark traders believed the currency's strength yesterday resulted from continuing uncertainty about the dollar rather than the pay settlement.

Foreign exchange traders fear that the Federal Reserve in Washington might cut rates at its Federal Open Markets Committee meeting today, widening the differential between US and German rates still further.

Traders in all markets agreed the settlement was positive for the economy, but they said the complexities of the deal made immediate assessment of its impact on inflation difficult.

Mr Hans-Peter Hodniock of James Capel in Frankfurt was emphatic that the settlement removed the threat of a "wage-

Continued on Page 18

Currencies, Page 36
World Stock Markets, Back Page Section II

European partnership seeks to gain control of Fokker

By Paul Betts in London and Ronald van de Krol in Amsterdam

DEUTSCHE Aerospace, Alenia of Italy and Aérospatiale of France are negotiating to acquire joint control of Fokker, the Dutch aircraft manufacturer, in a move which could lead to a radical *realignment of the hard-pressed* European regional and commuter airline industry.

The German, French and Italian companies are already partners in the Regioliner regional aircraft consortium formed last year in which Deutsche Aerospace (Dasa), part of the Daimler-Benz car group, owns 50 per cent with the other two partners holding 25 per cent each.

Aérospatiale yesterday confirmed this partnership was now *seeking to acquire 51 per cent of* Fokker with Dasa taking 26 per cent and Aérospatiale and Alenia each taking 12.5 per cent of the Dutch aircraft group, which has a current total market capitalisation of Fl 1.24bn ($670m).

Dasa, which already co-operates on the Fokker 100 twin-engine jet, *has been holding* wide-ranging talks with the Dutch company since March. Alenia already owns a 6 per cent stake in Fokker through its state-controlled parent, Finmeccanica.

Apart from taking a controlling *stake in Fokker, the partners are* also proposing to set up a joint marketing company to promote all their various commuter and regional aircraft products.

The negotiations are understood to be difficult because it is unclear whether the possibility of foreign ownership of Fokker would be acceptable in the Netherlands.

The Dutch government, which owns 32 per cent of Fokker and has repeatedly said Fokker will *need to find an industrial partner* if it wants to develop new aircraft, is expected to play a crucial role in any deal.

The outcome of the talks is also uncertain because of possible complications from the European Commission, which recently blocked an attempt by Aérospatiale and Alenia to acquire De Havilland of Canada from the US Boeing company.

Fokker said yesterday: "The talks [with Dasa] are going well but the outcome is still unknown: we'll know more in three to four *weeks." Fokker's shares closed* Fl 2.50 higher at Fl 36.20.

Any deal would also have significant implications for British Aerospace, which is seeking to rationalise its lossmaking regional aircraft activities. BAe has said a restructuring of the regional airliner sector is necessary because there are too many manufacturers in a market depressed by the financial problems of smaller airlines.

A French aerospace industry *official yesterday did not rule out* the possibility that BAe might eventually also consider joining the new European regional airliner partnership if the current negotiations are successful.

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We also made 40% of the high speed railway line that stretches from Madrid to Seville.
Travel on it to Expo'92, then you'll discover our steel even provides the framework of the British Pavilion.
Small wonder the Spanish aren't the only nation leaning towards us.

British Steel: British mettle

CONTENTS

Civil war displaces more than 1m people as fighting rages on in Yugoslavia

Europe fears massive influx of refugees

By Judy Dempsey in London, Laura Silber in Belgrade and Robert Graham in Rome

THE displacement of more than 1m people – the largest movement of refugees in Europe since the Second World War – will increase over the coming days as the war in Bosnia-Hercegovina spreads to other cities, officials from relief agencies said yesterday.

This grim warning was made as Italy, bracing itself for an exodus of refugees, called for urgent talks with its European Community partners. The move was prompted by fears that it could face a massive influx of refugees after 600 people reached Trieste at the weekend.

Last night a train with some 2,000 Bosnian refugees was being held up at Zagreb station pending clearance from either the Italian or Austrian authorities.

"The killing and the fighting is leading to an acute refugee crisis. It will get worse," said Mr Michael Steiner, co-ordinator of Germany's humanitarian aid mission in Zagreb, the capital of Croatia. Mr Steiner said the Croatian government was finding it increasingly difficult to deal with the growing numbers of refugees.

Croatia is looking after 484,000 refugees. An estimated 200,000 have fled from eastern Slavonia, eastern Croatia after they were driven out by Serb militants and the federal army last year.

The remainder have come northwards from Bosnia after fighting started six weeks ago.

Croatia and Slovenia will become independent members of the United Nations under separate resolutions approved by the Security Council yesterday, writes Michael Littlejohns in New York.

Bosnia-Hercegovina has also applied and is expected to be cleared shortly, further confirming the break-up of the old Yugoslav federation, a UN founder-state.

Yugoslavia was officially reduced last month to the republics of Serbia and Montenegro while retaining federal status.

Most are being put up in schools, hotels, halls, or by Croatian families and relatives.

But resources and space are running out. Yesterday, Mr Zvonomir Separovic, Croatia's foreign minister, sent a letter to the foreign ministers of the Conference on Security and Co-operation in Europe appealing for assistance. "The wave of refugees is not ending. Croatia is accepting them but cannot take care of them. Europe has to decide whether to accept them or help to give them a chance of survival," he said.

Mr Steiner, the German Foreign Ministry's special humanitarian envoy to Croatia, said the war in Bosnia could increase the number of refugees by a quarter of a million. "This situation is becoming desperate here, and in Bosnia," he added.

Yugoslav federal army troops and Serb irregulars yesterday attacked Tuzla, northern Bosnia, which until recently was an oasis of co-existence between the Moslem, Serb and Croat communities. Apparently, the attack is retaliation for nine federal soldiers killed last week.

Elsewhere in the republic, Serb forces tried to capture the eastern city of Gorazde, a last Moslem stronghold where 30,000 people are now trapped in the city, while Croat troops tried to consoliate their hold over parts of Hercegovina, west of Bosnia.

Over 1m people are displaced throughout the republics of the former Yugoslavia. Apart from nearly half a million in Croatia, 270,000 are seeking refuge in Serbia, 253,000 in Bosnia-Hercegovina, 40,000 in Slovenia, and 24,000 in Montenegro.

A further 200,000 have sought refuge in Austria, Germany and Hungary.

Ms Nenda Nachampassak, an official at the UN High Commission on Refugees in London said innocent people in Bosnia were "fleeing out of fright and panic.

"We still want to try and get a convey to Sarajevo [the capital of Bosnia-Hercegovina]," she said. "There are 100,000 children in the city. A quarter of them are under the age of three. They have no milk ..."

As part of the diplomatic drive to end the bloodshed in Bosnia, Mr Andrei Kozyrev, Russian foreign minister, yesterday arrived in Belgrade.

He is due to meet Serbian president, Mr Slobodan Milosevic, and will visit the capitals of the former Yugoslav republics.

The spoils of war: a Serbian refugee uses a bicycle to transport his belongings past a corpse near Osijek, eastern Croatia

Russia's central bank chief faces pressure to quit

By John Lloyd and Dmitri Volkov in Moscow

THE HEAD of Russia's central bank, Mr Georgy Matiukhin, was yesterday accused of breaking the law and faced a call for his resignation.

Warning of "financial collapse" because of soaring debts between enterprises, Mr Alexander Pochinok, chairman of the Russian parliamentary budget committee and a member of its praesidium, said he would demand Mr Matiukhin's resignation during parliamentary hearings on the central bank later this week or early next.

He said the bank had broken the law and terms of its charter by refusing to produce a report on its activities due last Friday. The bank had also appointed and dismissed board members without reference to the parliament.

An investigation, related to taking bribes, is now in train. However, Mr Pochinok said there was no confirmation of newspaper allegations that credits had been advanced to members of the government or parliament.

He said the central bank had followed the government's restrictive credit policy too closely. This had resulted in an inter-enterprise debt of Rbs1.5 trillion, and non-payment of wages by enterprises amounting by May 1 to Rbs73bn.

There was now a severe danger of "financial collapse" because of the restrictions in credit.

Mr Matiukhin has been a political football in recent months – blamed by the Russian government for adopting a loose credits policy, and now apparently losing his previous parliamentary protection for being too tough.

Mr Pochinok said new candidates for chairman and board members were being considered, but gave no names.

Mr Boris Feodorov, a former finance minister and now a senior member of the European Bank of Reconstruction and Development, is the government's favourite.

Upheaval fails to halt building of warships

By Andrew Slade

RUSSIA is continuing to build big warships despite funding problems, and its submarine operations have hardly been affected by the dissolution of the Soviet Union, a western naval authority said yesterday.

Capt Richard Sharpe, editor of Jane's Fighting Ships, the 1992-93 edition of which was published yesterday, said production of nuclear missile-carrying submarines had come to a temporary halt last year, but three nuclear-powered hunter-killer submarines and three diesel-powered craft had been launched.

He warned that proliferation of submarine expertise was one of the main problems posed by the break-up of the Soviet Union. Iran is said to be interested in buying one or two diesel-powered submarines.

Of the former Soviet Union's 24 naval yards, 14 were now under civilian control. Capt Sharpe predicted that if this trend continued, Russia would probably have only two major submarine yards, with perhaps another two yards producing large surface vessels and three building minor warships.

However, at least three of these yards were each equivalent to any other naval yard in the world, and there would therefore be little reduction in building capacity.

Crimea pulls back from drive for independence

By Chrystia Freeland in Kiev

THE praesidium of the Crimean parliament yesterday caved in to Ukrainian political pressure and backed down from its separatist bid.

If the Crimean parliament, due to meet tomorrow, follows the praesidium's recommendation, the prospect of a Crimean breakaway from Ukraine, which has strained relations between Ukraine and Russia, could fade. Moscow gave Crimea to Ukraine in 1954.

The praesidium of the Crimean parliament recommended that the parliament annul its rather ambiguous May 5 declaration of independence following a resolution passed by the Ukrainian parliament last week which declared the Crimean move unconstitutional.

Crimea's surprising turnaround may have been inspired by a statement over the weekend supported by 17 out of Crimea's 22 city mayors who said that if the Crimean government continued to violate the Ukrainian constitution they would obey only Ukrainian laws.

Ukrainian deputy prime minister Mr Konstantin Masyk has been busy over the past few days seeking to appease Crimean officials with offers of expanded autonomy and increased financial support.

German pay deal manageable, say experts

By Christopher Parkes in Bonn and Edward Balls in London

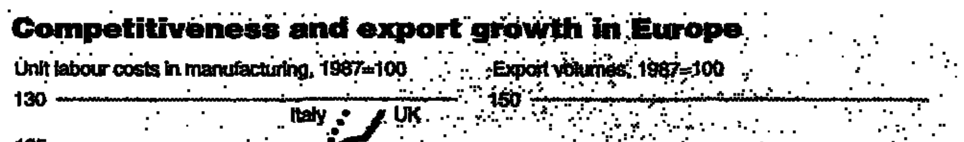
THE trend-setting pay agreement in the German engineering sector is higher than employers wanted but low enough to be bearable this year.

The 5.8 per cent deal with IG Metall, Germany's most powerful union representing 4m workers, suggests that average industrial pay increases this year will settle below the 6 per cent allowed for in most economic forecasts. In the opinion of Mr Willi Leibfritz, head of the macroeconomics department at the Ifo economics institute in Munich, the package is "not a complete disaster as was feared".

But the settlement is considerably higher than the 4 per cent recommended by the group of economic advisers labelled the "five wise men".

Relatively rapid wage inflation, at least by German standards, combined with depressed productivity growth, mean that manufacturing industry's unit labour costs will continue to rise more quickly than in other large European countries this year, further eroding the gains in export competitiveness of the late 1980s.

Competitiveness and export growth in Europe



Source: Datastream

The tensions arising from the cost of German unification will remain a threat to west German competitiveness over the next few years, according to Mr Leibfritz. Ordinary people, hit last year with a 7.5 per cent income tax levy and parallel rises in duties on tobacco, petrol and heating oil, have failed to understand the necessity for sacrifices to finance reconstruction in the east, he said.

Intensive talks between unions, government and industry are needed to persuade people of the fiscal costs of unification and the need to reduce public sector borrowing. Mr Leibfritz argued.

"It will be very critical when value added tax goes up 1 per cent next January that the lesson has been learnt that indirect taxes cannot be used as a basis for wage negotiations.... the [union] leaders have recognised the problems, but I don't see that their members have really accepted the situation."

German specialists at the Organisation for Economic Co-operation and Development said the west German pay deal was less damaging than the agreements within the metal industry to equalise wages in the east and western länder by 1996.

Last year's OECD report was strongly critical of the fast pace of wage convergence between east and west and called for wage subsidies to close the gap between high east German wages and low relative productivity.

Mr Reinhard Fürstenberg, economist at J-P Morgan in Frankfurt, argues that the engineering industry agreement makes wage convergence process even more difficult. "This deal makes the 1996 target almost impossible for east German companies to meet."

However, the deal will ease inflationary pressures over the next few months. Pay disputes in the construction and printing sectors are now with arbitrators and deals there are expected soon. "The 1992 pay round is now all sewn up," said Mr Juergen Pfister, senior economist at Commerzbank.

Mr Alexander Batschari, spokesman for the VDMA engineering industry association in Frankfurt, said the 5.8 per cent could prove difficult for some companies. "But what was the alternative? There would have been strikes and lock-outs and we could have ended up with an even higher deal."

Prague launches sell-off scheme

By Ariane Genillard in Prague

CZECHOSLOVAKIA yesterday launched its voucher privatisation programme as Czechs and Slovaks began bidding for the future shares of over half the country's enterprises.

The 8.5m citizens who earlier this year subscribed to the scheme by buying a book of vouchers for a nominal sum will have until June 8 to choose the enterprises in which they want to invest. They will receive their shares later this year.

A total of Kcs292.6bn ($9.7bn) worth of equity, calculated on the book value of some 3,000 enterprises, will be distributed.

The launch of the voucher scheme before next month's general elections is a success for Mr Vaclav Klaus, the federal finance minister and leader of the most popular party in the Czech republic.

The launch was originally scheduled for February and Mr Klaus has waged a battle with government officials to ensure that bidding would start before the elections on June 5. His last-minute victory over bureaucratic delays will allow him to flag the voucher scheme as a personal triumph during his electoral campaign.

Dazzled by the sheer choice of enterprises, and often lacking basic information about them, two thirds of the future shareholders have opted to entrust their vouchers to private investment funds which will select enterprises for them. Vouchers are expected to be converted into shares by the autumn, once the selection process is completed.

The initial allocation of shares will be done in the two weeks following June 8. But enterprises which are oversubscribed will be re-offered for higher bids.

The process will be carried through five rounds which, government officials say, will establish a "valuation" mechanism in voucher terms for the shares.

Compromise welcomed by unionists representing 4m engineering workers

IG Metall trade union breathes sigh of relief

By Andrew Fisher in Frankfurt

THE mood at the IG Metall trade union headquarters in Frankfurt yesterday was one of relief rather than jubilation that a west German engineering strike had been averted by a last-minute settlement.

"It's a compromise", said Mr Horst Neumann, deputy head of economic research at the trade union. "I'm pleased there's not a strike, but the risk that the 21-month settlement will be overtaken by inflation next year has not disappeared".

The union, representing nearly 4m workers in the German engineering industry was happy that employers' demands for a pay settlement of less than 5 per cent – the formal initial offer was only 3.3 per cent – were effectively overcome.

The union was also relieved the already agreed move to the 35-hour week has not suffered a setback.

IG Metall's own demand was 9.5 per cent, a level presented by Mr Franz Steinkühler, head of the union, as a concession to mounting concern in Germany over inflation and monetary stability. The latest annual inflation figure was 4.5 per cent, though it has touched 4.8 per cent this year.

But, Mr Neumann added, many of the union's disgruntled members do not necessarily separate out the official consumer price figure from the overall burden on their incomes.

"Price rises, tax increases, higher consumer tax levels – these are all seen as part of the same thing".

Thus it was that the preliminary warning strikes called by the union in recent weeks to bolster its claim had such a strong response.

"We were pleased, and the employers possibly surprised, at the size of the turnout. People were willing to get into buses and travel to demonstrations". On some days, more than 100,000 people took part in warning strikes of up to four hours.

Such actions, Mr Neumann reckons, must have swayed what he calls "the radicalised Mittelstand" - the host of small- and medium-sized companies which had lined up firmly behind demands for as low a wage increase as possible after last year's settlement of 6.7 per cent.

Many of them, especially in the automobile supply sector, are suffering from an intense squeeze on profit margins in the face of weak foreign markets and pressure from the car companies to keep prices low.

In IG Metall's view, this is a problem within the industry that should not be solved by keeping a lid on pay. The employers see it differently, though it is noticeable that some of the motor manufacturers expressed less concern about settlements approaching 6 per cent than did smaller engineering and components companies.

The risks from an all-out strike would have been high on both sides. Because of a change in the law, employees laid off or put on short-time working because of a strike at another plant would not have been entitled to state welfare. This would have put pressure on the union to widen strike action so that it could pay all affected members from its own funds.

Employers had also threatened extensive lockouts so that the consequences of a strike could have been severe. Many companies, especially in the car industry, rely heavily on just-in-time deliveries, which would have been totally disrupted.

If a strike had occurred, said Mr Neumann, "it would have been like a raging fire over a wide area". Obviously, neither the employers nor the union wanted any of the opprobrium which such an event would have caused.

Moscow may keep nuclear missiles on Kazakh soil

By John Lloyd

MR Nursultan Nazarbayev, the president of Kazakhstan, yesterday foreshadowed the shape of new defence alignments in the former Soviet Union when he said Russian nuclear missiles may in future be allowed to be based on Kazakh soil.

Mr Nazarbayev, who was leaving Moscow for an official visit to the US after talks on Sunday with Mr Boris Yeltsin, the Russian president, said the missiles at present in Kazakhstan would be returned to Russia, and that future stationing of part of the Russian nuclear armoury would depend on the two states' reaching a "mutually advantageous" agreement.

Kazakhstan, with Ukraine and Belarus, are expected to sign a protocol to the Start treaty on nuclear weapons soon, allowing the implementation of a treaty stalled for some months by disagreements between the four nuclear states of the former USSR.

Agreement has now been reached between them, and between them and the US, that all four should become signatories to Start – after which the three non-Russian states would accede to the Nuclear non-Proliferation Treaty, and return all tactical and strategic weapons on their territory.

Mr Nazarbayev emphasised that the decision to send all nuclear missiles to Russia and to negotiate an agreement on basing Russian missiles in Kazakhstan in future was possible because of the signing last Friday in Tashkent of a collective security agreement between six of the 11 members of the Commonwealth of Independent States.

The signatories to the agreement are Armenia, Kazakhstan, Russia, Tajikistan, Turkmenistan and Uzbekistan.

Of these, the last three are poor Central Asian states who cannot afford to support their own military, and who have CIS forces on their territory paid for by Russia. Mr Yeltsin said last week that Russia could come to an arrangement with other states to base units of the Russian army on them by agreement.

Kazakhstan, evenly balanced between a Slav and Kazakh population, has under President Nazarbayev pursued a largely pro-Russian policy, and has proposed itself as a "bridge" between East and West.

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Italian unions angry over this month's missing pay rise

By Robert Graham in Rome

THE Italian union movement has protested vigorously over the refusal of the government and industry to pay an inflation-indexed wage increase this month.

The CGIL, the largest of the three union confederations, has taken the matter to the courts, and the metalworkers' union has threatened a protest strike on May 29.

Yesterday, in an attempt to head off a wave of protest, Mr Franco Marini, the outgoing minister of labour, held talks with the three main confederations and will hold a similar meeting today with Confindustria, the industrialists' association.

Italy's *scala mobile* system of indexed-linked wages went into abeyance at the beginning of the year following agreement between the government, unions and employers that broad negotiations on labour costs and wages would resume this June.

At the time Confindustria, which has long sought to abolish the *scala mobile*, said it regarded the system as dead. With average wages projected to increase to 5.6 per cent this year, Confindustria calculated topping up wages would have resulted in an effective increase for employers of 7.5 per cent. However, the unions warned that they expected a final payment.

The CGIL claimed that many wage deals last year had been negotiated with this May's *scala mobile* payment included.

The increase sought by the CGIL would amount to only an extra L28,000 (£12.67) a month in take-home pay. But the protest is less about money than principle. The unions are also aware they need to flex their muscles in advance of next month's tough talks with Confindustria on wage costs.

These negotiations will be a crucial test on whether the two sides can agree on measures to ease the European Community's most rigid labour market and create a more competitive wage structure for industry. The unions recognise the climate of industrial relations is changing and that formal wage indexation is unrealistic. Nevertheless, they are anxious to safeguard their members in an economy which has consistently showed unpredictable and high levels of inflation.

● After an abortive ninth joint session of parliament yesterday, the country's politicians were still no closer to finding a candidate capable of winning sufficient cross-party support to be elected president.

Socialist efforts to present a candidate backed by potential allies in the International Socialist movement – the former communist Party of the Democratic Left (PDS) and the Social Democrats – collapsed early yesterday.

Too much mistrust appeared to exist between the opposition PDS and the Socialists, who are partners in the outgoing Christian Democrat-led four-party coalition.

NEWS: OECD ANNUAL MEETING

Andriessen stakes out tough negotiating position

EC insists on US trade talks concessions

By Peter Norman, Economics Correspondent, in Paris

THE European Community yesterday underlined that an early and successful conclusion to the Uruguay Round of trade liberalisation talks will depend on US concessions. Mr Frans Andriessen, European Commission vice-president and top EC negotiator in the Round, yesterday rejected the notion that Community concessions on agriculture alone would open the way to a deal.

Mr Andriessen, who was attending the annual ministerial meeting of the Organisation for Economic Co-operation and Development, is due in Washington shortly for talks with Mrs Carla Hills, the US special trade representative, and possibly with Mr James Baker, the secretary of state.

He staked out a tough negotiating position, insisting that the EC would be unable to accept any deal that did not include acceptable terms on services and market access, where the US is holding up agreement, as well as agriculture, where the EC acknowledges it has problems making concessions.

He He also laid down other conditions. The EC wanted a "peace clause" that would exempt any agreements on agriculture from the terms of a new subsidy code under the General Agreement on Tariffs and Trade, guarantees of compensation for EC farmers reducing output, and comparable rules governing the reduction of internal farm subsidies and support for exports.

The EC was prepared to make concessions on agriculture, Mr Andriessen said, provided the US also shifted its position on the remaining areas of dispute. But he raised the temperature in the transatlantic war of words over trade by attributing the Round's problems to the US because it had pressed from the start for 100 per cent elimination of farm support.

This brought a barbed response from Mr Rufus Yerxa, US deputy trade representative. He pointed out that the US had shown "quite a lot of flexibility" in the talks. "I hope he's not indicating that the EC is not prepared to tackle the problems of the common agricultural policy because that is what is needed for a successful Uruguay Round."

The potential benefits of the stalled Round were highlighted yesterday by Mrs Barbara Franklin, US commerce secretary. Achieving an agreement could boost US gross domestic product by a trillion dollars over the next decade and lift the world economy by five trillion, she said.

But it was the impasse over trade which overshadowed yesterday's talks on how to boost growth and cut unemployment. "There clearly is impatience that agreement should be reached," said Mr Michael Portillo, the UK's chief secretary to the Treasury.

Farm surpluses expected to grow

By Peter Norman

THE INDUSTRIAL world's farm surpluses will continue to grow in the medium term unless present output-based support policies are changed, the OECD warned yesterday.

In its latest review of efforts to reform agricultural policies, the organisation said there had been insufficient adjustment to farm policies in recent years, with the result that competitive conditions on international markets continued to be distorted. Neither support for agricultural production nor the costs carried by consumers through higher prices showed any significant decrease last year.

Production support, as measured by an *internationally* standardised unit known as the producer subsidy equivalent (PSE) totalled $177bn last year compared with $180bn in 1990. Most of this was financed by an implicit tax on consumers, paid through higher prices. The consumers' burden of farm support rose to $135bn last year, when measured in internationally standardised consumer subsidy equivalents (CSE), from $133bn in 1990.

The OECD said total farm *subsidies were much higher*, however. It estimated that total transfers to agriculture, as measured by PSEs, CSEs and other items such as welfare payments to rural areas and support for storage of stockpiled farm products, rose by about 5 per cent to an estimated $320bn last year.

The OECD said political impediments to reform largely explained why the movement to cut surpluses and subsidies had made little headway in *recent years. Although the* overall benefits of reform clearly outweighed the costs, those who stood to lose opposed reform actively.

The organisation said unusual or extreme events, such as food production and distribution problems in the former Soviet Union or famine in Africa, also postponed farm reform. But it warned that such events were only a "temporary reprieve" for western policymakers. The OECD also *urged governments to ensure* that growing concern about the environment or food safety was not turned into a pretext for hindering the attack on farm subsidies and surpluses.

AGRICULTURAL SUPPORT: OECD

			Change from 1989 %	1991	Change from 1990 %
Assistance to producers					
Total PSE (US$bn)	147.9	180.2	+21.9	177.0	-1.8
(Ecu bn)	134.3	142.0	+ 6.0	143.2	+0.1
Percentage PSE	40	45		45	
Implicit tax on consumers					
Total CSE (US$bn)	111.4	133.0	+19.4	134.7	+13
(Ecu bn)	101.2	104.8	+4.0	109.0	+4.0
Percentage CSE	32	38		37	

PSE/CSE totals have been rounded and percentage changes calculated from unrounded data. 1990 estimated 1991 provisional. Source: OECD

Labour reforms will bring more jobs, says UK

By Peter Norman

ECONOMIC growth would be firmly established in Britain this year, ensuring that the UK played its part in a sustainable world economic recovery, *Mr Michael Portillo*, chief secretary to the Treasury, forecast yesterday.

Thanks to the labour market reforms of the past decade, he said, Britain would be able to sustain a higher level of employment without succumbing to inflationary pressures than in the early 1980s.

Mr Portillo told the OECD annual ministerial meeting that Britain was continuing those reforms with measures to restrain unofficial strikes. Changes in education and vocational training would lead to higher standards and a better qualified workforce.

There was a danger, however, that European Community social policies could intensify unemployment by making *labour markets less flexible*. The draft EC directive on working time, which Britain opposes, could impose an additional cost of around £5bn on UK employers, he said.

Portillo: critical of EC social policies

Mr Portillo underlined that he and other ministers from the OECD's 24 industrialised member states saw "no quick fix" to the problem of unemployment. But confidence was *returning to Britain, he said*. The full benefits of lower inflation and the drop in interest rates from 15 per cent in October 1990 to 10 per cent today had yet to come through.

Governments aim their subsidies at narrower targets

By Peter Norman, Economics Correspondent

GOVERNMENTS are cutting the subsidies they give to industry but are becoming more sophisticated about how they subsidise, according to the findings of a large international investigation by the Organisation for Economic Co-operation and Development.

It has built up a data base of subsidies in 22 of its 24 member countries (the exceptions are Luxembourg and Greece) and the European Community as a first step to developing *guidelines that would help* policy makers avoid unfair and trade distorting subsidies. These guidelines would be subject to monitoring through a process of "peer review" in the OECD's industry committee.

The OECD looked at subsidy policies between 1986 and 1989. It found that the total net cost *to governments of the 879* subsidy programmes reported to it averaged $66bn a year in the period, representing about 2.5 per cent of the annual value-added in manufacturing in its 24-nation area. This, it said, represented "a sizeable macro-economic sum".

However, the total amount of support dropped from $74.6bn in 1986 to $53bn in 1989, or by about a third in real terms. While the amount of subsidy given through tax breaks almost halved from $49.3bn to $25.7bn, governments gave more to industry through direct subsidies. Direct financing of *subsidies such as* aids for investment, research and development, regional development and export promotion rose sharply from $25.3bn in 1986 to $36.1 bn in 1988 before falling to $27.4bn in 1989.

The OECD warns that these figures fall short of the total level of industrial subsidy in its member states. There are *gaps* in its data base, reflecting such problems as measuring subsidies given by public sector entities other than central government. The subsidy element in government procurement of civil and military goods and services is obscure. There is also no national breakdown of subsidy totals.

But certain trends have emerged from the study. Tax reforms have led to a shift away from general purpose subsidies such as general investment support through such instruments as capital allowances, to more focused measures. The share of general investment support in the net cost of subsidies to governments fell from 71 per cent of the total in 1986 to 49 per cent in 1989. In the same period, the share of R&D support increased to 13 per cent from *10 per cent, while export* related support rose to 20 per cent from 8 per cent respectively in 1986.

It appears that regional development expenditure has played a bigger role in investment support. Industrial subsidies to help regions accounted for 22 per cent of total subsidy costs in 1989 against 14 per cent in 1986.

The OECD found that subsidy policies varied considerably among countries. General investment aid was the dominant policy objective in the US, although export-related and R&D spending also was high. Japan targeted its subsidies mainly on R&D and small and medium-sized companies. In Germany, regional policy was the main reason for subsidy in the period under review which preceded the fall of the Berlin Wall and unification. In the UK, regional development and export promotion were the *main subsidy objectives* although R&D and small and medium-sized concerns received considerable support.

The organisation says its investigation has improved understanding among governments of the structure and mechanisms of industrial support. It has also led to a "substantial leap forward towards transparency".

But the Paris-based organisation says more has to be done, including the gathering of more up-to-date data, if proper international discipline is to be brought to the complex world of industrial subsidies.

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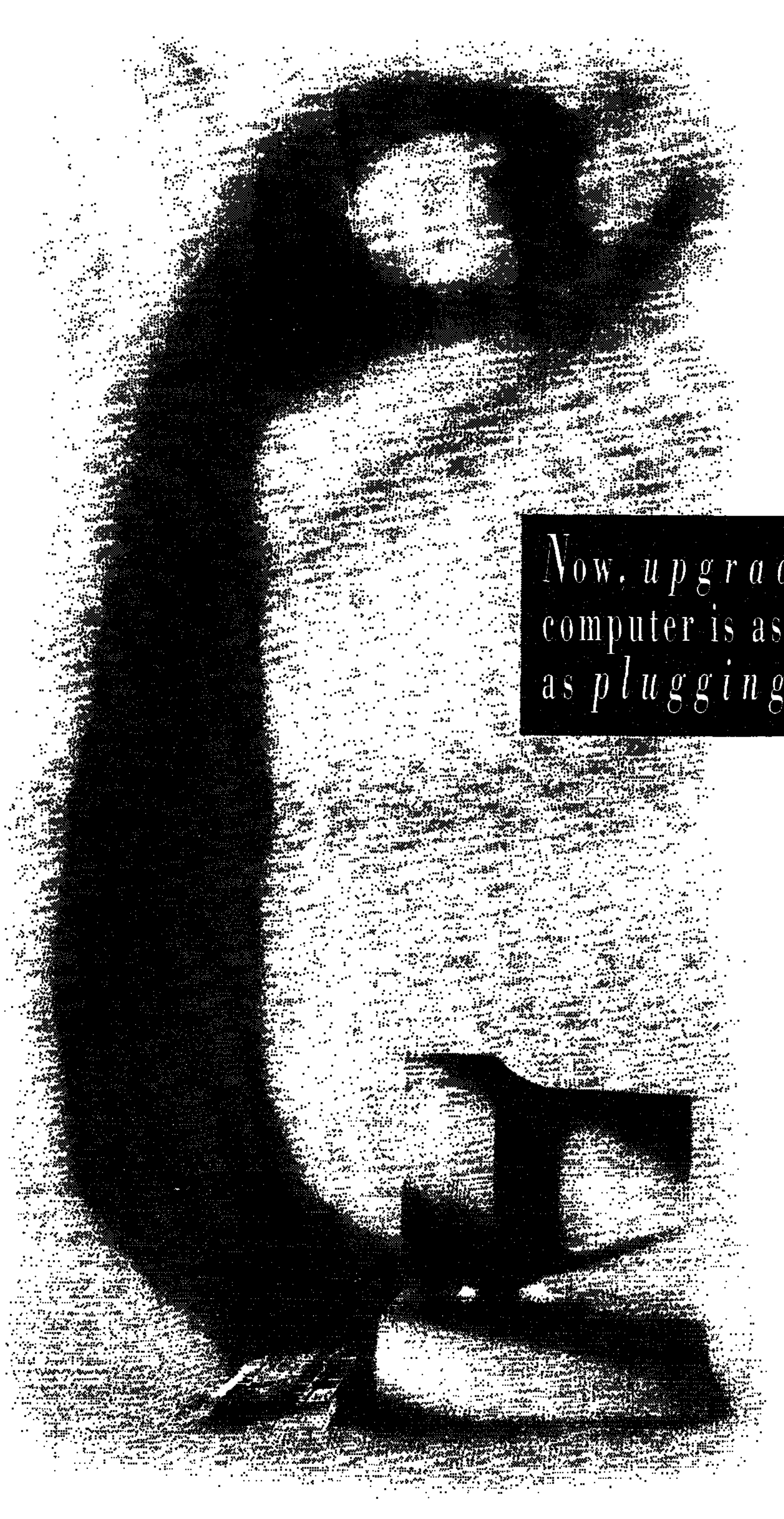

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NEWS: AMERICA

Who might be who as a Number Two

Jurek Martin on the field of possible choices for the Clinton and Perot campaigns

THE MOST intriguing political news story of the week was to be found in the New York Post, not normally a reliable source. It reported that Mr Ross Perot, Texas businessman and president aspirant, had held secret talks with Mr Mario Cuomo, governor of New York, and dangled in front of him the prospect of the Number Two slot on the independent ticket.

The Hamlet of the Hudson confirmed the conversations and went on to say that the Texan "has more credibility than politicians". But then, typically, he deflated the balloon. The vice-presidency had not come up because "Perot knows I'm a Democrat and I will support Clinton".

But, with the two main nominations sewn up, barring accidents, and Mr Perot free to make his own choice, attention inevitably turns to who runs with whom. President George Bush will go with a known commodity, Vice-President Dan Quayle, but Governor Bill Clinton, who will be the Democratic party's candidate, and Mr Perot have to find somebody capable of making a difference.

So seriously is Mr Clinton taking the issue that he has asked Mr Warren Christopher, one-time deputy secretary of state, Washington lawyer and author of last year's devastating report on the Los Angeles police department, to head a search committee.

The pundits' choice is Senator Bill Bradley of New Jersey. He would bring regional balance, national stature (greatly enhanced by his prescient speech on race relations in March), sporting fame, political compatibility, the lot. The popular view is that he would have made a stronger presidential candidate than Mr Clinton.

But Mr Bradley did not run for the nomination and insists that he is going to live up to his promise to serve out his Senate term, which expires in 1996. Mr Clinton said he would serve out his term as governor of Arkansas, but the suspicion is Mr Bradley means it.

There is a growing assumption that Mr Clinton will need someone with Washington experience, and there are more heavyweights in the Senate than in the House, which is in any case mired in scandal. The Senate short-lists normally include Jay Rockefeller from West Virginia (safe pair of hands, good name, lacks fire, from a small state); Tom Harkin from Iowa (early candidate, liberal credentials not necessarily an asset); Bob Kerrey from Nebraska (also failed candidate, better in print than in the flesh); John Kerry from Massachusetts (smart, ambitious, not well-known outside New England).

Also: Harris Wofford, the new man from Pennsylvania (a northern Catholic, but liberal compared to Mr Clinton); Paul Simon from Illinois (ran in 1988, from a critical big state, but again rather liberal); and George Mitchell from Maine (majority leader, once a judge, ability not in doubt, but from a very small state and a real Washington devil in the Republican lexicon.)

Democrat Paul Tsongas, who once posed the biggest threat in the primaries, probably would not accept, in the unlikely event he was asked, and seems intent on launching a fiscal responsibility lobby with Republican Senator Warren Rudman from New Hampshire, who has announced his retirement in disgust with the ways of Congress. Mr Cuomo might be approached, for all his rudeness to Mr Clinton, but an answer might not be forthcoming before the election.

Mr Clinton will undoubtedly consider some state governors and some women but, needing the South as he does, will not be seeking a black. Also, no Asian or hispanic automatically springs to mind.

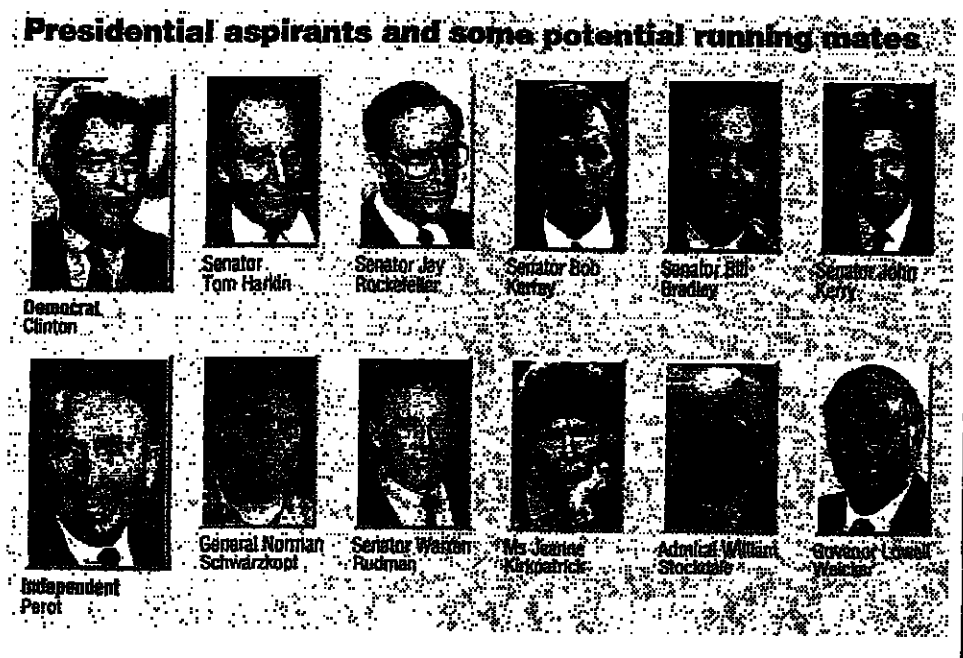
Mr Perot has a "temporary" running mate, retired Admiral William Stockdale, but he was named only to overcome technical problems getting registered on state ballots. Beyond that, there are few clues to his thinking, though Senator Rudman's reputation for plain speaking might appeal, and Governor Lowell Weicker, the maverick liberal Republican turned independent from Connecticut, is sounding more like Mr Perot every day.

If he is looking for a woman, Ms Jeane Kirkpatrick, UN ambassador in the Reagan administration, is on record as saying that "if Ross Perot were to ask me, that would be very serious". Ms Ann McLaughlin, former Republican secretary of labour, has also reportedly been sounded out.

One equally delicious theory, on a par with the Cuomo flier, has Mr Perot picking retired General "stormin" Norman Schwarzkopf to help sort out the national mess. However, General Curtis "bombs away" LeMay added little to the last potent independent candidacy of George Wallace in 1968.

Mr Perot could stick to his last and pick a businessman, but the corporate heavyweights are not all enthusiasts. Mr Robert Allen, chief executive of AT&T, noted the other day: "It would be refreshing to hear Ross ask for some advice."

Presidential aspirants and some potential running mates



Ecuador elects to follow path of market reform

Stephen Fidler on consequences of the left's declining popularity

ECUADOR appears set after elections on Sunday to follow the rest of Latin America towards a more open market-oriented economy.

The new president will be either Mr Sixto Durán, 72, or Mr Jaime Nebot, 45, who will face off in a second round on July 5. Mr Durán won 33.2 per cent of the valid votes cast and Mr Nebot 25.4 per cent. Both favour privatisation and moves to open the economy and make it more responsive to market forces.

This is in contrast to the administration of President Rodrigo Borja Cevallos which, although lowering some tariff barriers, has resisted the shift towards more liberal economic policies sweeping the continent.

Mr Borja's Democratic Left party, along with other socialist parties, suffered a sharp setback in Sunday's local, congressional and presidential elections.

In theory, this suggests a new administration should have the support of a sympathetic right-of-centre legislature. In practice, dealing with a Congress fragmented among a dozen parties will be difficult and a common economic cause will not necessarily overcome party rivalries.

Mr Jaime Durán, director of Informe Especial, a political survey group, said a combination of local and international events contributed to the left's decline.

The collapse of communism in east Europe and the success of market-oriented economic policies elsewhere in Latin America were significant. On top of this, many voters considered the Borja administration as mediocre and worn out.

It has presided for four years over growth of 2-3 per cent, which translates in per capita terms to economic stagnation. Inflation is down from its highs, but still running at an annual 50 per cent. Ideology counts for little among most voters.

Furthermore, the right-of-centre candidates satisfied traditional regional divisions in Ecuadorean politics. Mr Durán, mayor of Quito for eight years and twice unsuccessful as presidential contender, is viewed as the highland candidate; Mr Nebot as the candidate of the hot coastal regions around Guayaquil.

Mr Durán, an architect born in Boston, Massachusetts, who studied at Durham University in England, claims blood ties with the coast and may have the better claim to represent the whole of the country. He took more than a fifth of the coastal vote, while in the highlands Mr Nebot took only 12 per cent.

However, Mr Durán, while viewed as honest and unlikely to fall prey to cronyism, is a less dynamic campaigner than the more charismatic Mr Nebot. The latter is also likely to benefit more from the 21.2 per cent of votes cast for Mr Abdalá Bucaram, a populist of Lebanese extraction who is also from the coast.

On the other hand, Mr Nebot is viewed with suspicion by the left, which has no candidate in the second round.

Mr Nebot's Social Christian party secured at least 19 seats in the 77-seat Congress. Mr Durán's Republican Unity won 13 but the Conservative party, with which it is in alliance, enjoyed a resurgence and took seven seats.

If Mr Nebot loses he may prevent his party co-operating with the administration, thus improving his chances of election in 1996. A year ago Mr Durán pulled out of the Social Christian party, of which he was a founder, to form his new movement.

Whoever wins, the new administration should be able to count on more support from international financial institutions and western governments, particularly the US. But the task ahead will not be easy. By some estimates, Ecuador is 10-20 years behind neighbouring Colombia in its economic development.

There are fears that Ecuador's small economy of 11m people will be shattered by exposure to international competition.

It is heavily dependent on oil, which accounts for 40 per cent of export revenue, but the commodity will run out in a decade at present rates of usage. High consumption and smuggling into Colombia is encouraged by low prices of between 60 and 70 cents a gallon.

Raising petrol prices should be a priority for a new government, which could use extra revenues to balance its budget. But that is one politically-sensitive subject both candidates will be anxious to avoid over the next seven weeks.

Mexico attempts to cut teachers' power

By Damian Fraser in Mexico City

THE Mexican government is to decentralise public education in a move aimed at curbing the powerful teaching union's effective veto over plans to modernise the system.

Responsibility for budgets, teacher training, salary negotiations and regional variations in the national curriculum will be transferred to the 31 state authorities, although the federal government will continue to set guidelines and provide most resources.

The reforms seek to reduce the power of the National Teachers Union to obstruct change by, in effect, dividing it into state chapters.

The changes have been accepted by leaders of the union which, with 1m members, is the largest in Latin America and one of the traditional props of the ruling Institutional Revolutionary party.

However, a senior government official said he expected resistance to the changes in parts of Mexico City, Michoacan, Chiapas and Oaxaca.

Most Mexicans' poor standard of education is explained mainly by rural poverty and lack of finances – Mexico spends a lower proportion of its GNP on education than Brazil, Chile and Costa Rica. However, poor teacher training, teacher absenteeism, weak supervision, understaffing of rural schools and lack of teacher evaluation are widely blamed on the union's unwillingness to impose greater discipline on teachers.

The curriculum will also be revised, placing greater stress on problem-solving and practical applications in mathematics, and on actual reading and writing rather than on the structure of the Spanish language.

Argentine tax offensive targets flight capital

By John Barham in Buenos Aires

ARGENTINA'S tax inspectors yesterday began hauling in for questioning more than 1,000 suspected owners of luxury yachts and holiday homes in Uruguay, Brazil, Spain, the US and France.

The offensive against the rich is part of a successful campaign against tax evasion by the 5,000 inspectors of the tax department, or DGI – known as the Untouchables.

The wealthy have so far evaded the tax dragnet. They are the principal holders of an estimated \$40bn-\$50bn (£22bn-£27bn) in flight capital, which includes billions of dollars-worth of foreign property, estimated at about \$2bn in Uruguay alone. Mr Domingo Cavallo, economy minister, wants them to pay taxes on the assets and "begin repatriating their wealth".

Unofficial estimates indicate that attempts to encourage the return of flight capital have so far been disappointing.

If the latest move is successful, the extra taxes will be used to finance small companies and bolster the social security fund. Those complying will be given an amnesty on any tax offences committed up to April 1.

Tax dodging was once part of the Argentine way of life. That changed when Mr Cavallo took up his post last year and ordered a crack down. This, combined with economic recovery, increased tax revenues to \$1.84bn in April, against \$1.03bn a year earlier.

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Motorola builds semiconductor plant in China

By Michiyo Nakamoto

MOTOROLA, the US manufacturer of semiconductors and communications equipment, is building a factory in China to make these products primarily for the Chinese market.

The group will officially announce plans to invest \$120m (£67.7m) in a factory in *Tianjin, a port city outside* Peking, next month, when it will hold the ground-breaking ceremony. The factory will be built on property which is part of the Tianjin Economic Development Authority.

In 1988, Motorola announced plans to invest about \$300m in a plant in China. The project was suspended after the Tiananmen Square clampdown on dissident students.

Motorola expects gradually to expand the project, employing several hundred people after the facility is completed in 1993, but increasing the number of employees to nearly 1,000 later in the decade.

Peking has been promoting investment in high-technology industries. Motorola's decision to go ahead with the investment follows an announcement by NEC of Japan, in September 1990, to form two joint ventures with Chinese companies to make digital electronic switching systems and large-*scale integrated circuits for use* in a wide range of consumer products.

Philips, the Dutch group, and BTM of Belgium have already set up joint ventures to produce large-scale integrated circuits in China.

Although the sale and export of certain products, including all but the simplest semiconductors come under scrutiny by Cocom, the Paris-based organisation which monitors the export of sensitive products with potential strategic applications, Cocom rules are being gradually eased.

Denmark-Sweden ferry link-up is agreed

By Andrew Hill in Brussels

THE European Commission yesterday cleared a link-up between ferry companies operating a busy short sea-crossing between Denmark and Sweden, but promised to watch the companies' pricing policy on the service.

It is the first time Brussels has ruled on such a case in the ferry industry, using special rules on the application of EC competition law to the sector.

The precedent will be examined *by main operators on* other short-sea routes, for example, Sealink Stena Line and P&O, across the English Channel. In March, the UK *Department of Trade and* Industry refused to let P&O merge its Dover-Calais services with those of Sealink, ahead of Channel tunnel competition.

The Commission said it would allow Danske Statsbaner and Statens Järnvaget, the Danish and Swedish rail and ferry monopolies, to pool their ferry operations with those of Scandinavian Ferry Lines on the crossing between Helsingor, north of Copenhagen, and Helsingborg, Sweden.

Brussels found the agreement would curb competition between the companies, but said the disadvantages would be outweighed by travellers having a more frequent service on new, large-capacity ferries, with lower costs. The Commission will monitor the joint services to check savings are reflected in prices.

Brussels argued the companies were competing not only with one another on the Helsingor-Helsingborg crossing, *but with ferries on other* routes between Germany, Denmark and Sweden. Under the original agreement, they would automatically have operated *joint services on new routes* between Sweden and Denmark, but to avoid future curbs on competition, the trio have been forced to drop that clause.

The Commission said its decision only referred to the supply of ferry services, not touching on the market for harbour services, which are often provided by ferry operators and could be used to restrict competition from competing ferry companies.

Fifteen oil groups set to invest in Algeria

FIFTEEN oil companies have offered to invest up to \$4.2bn (£2.37bn) in Algeria to recover 1bn barrels of oil over 20 years, the state-owned energy giant Sonatrach said, Reuter reports from Algiers. The companies had offered to invest in eight fields, Sonatrach added. It had evaluated bids on six.

"The bidding companies have proposed to finance a multi-phase development programme amounting to a total investment of between \$3.7bn *and \$4.2bn on the six fields.*

The output improvement contemplated for the six fields under consideration is expected to start in 1995 and reach, by the end of the century, 200,000 barrels a day.

The offers were preliminary and while negotiations continued with selected companies, details would remain confidential. *Industry officials said* US, French, Japanese, Italian, Norwegian, Danish and Canadian companies had shown interest.

In February, Mr Ray Irani, *chief executive* of Occidental Petroleum, said: "We are interested in increasing our activities in Algeria to help it raise its gas and oil production."

Footwear quota spells 'threat to trainers'

By Andrew Hill in Brussels

CONTROVERSIAL proposals to impose an EC-wide quota on imports of cheap Chinese footwear could increase the cost of trainers for EC consumers, manufacturers say.

Trade officials from the Twelve yesterday discussed a Commission proposal *for EC quotas in different categories* of shoes, including the growing market for trainers. They broke up without agreement, *with a majority said to favour* the quota proposal. Britain, Germany and the Netherlands asked the Commission to supply further economic justification for the measure for their meeting this week.

Chinese officials are in Brussels to discuss the proposals. China might suggest a voluntary agreement to restrain exports, *but Brussels does not* seem to favour such deals.

Instead of scrapping quotas altogether, Brussels decided to press for harmonised EC quotas in specific areas, assessed according to the value of imports. Quotas will be abolished in other markets, such as waterproof footwear.

OECD Export Credit Rates

THE Organisation for Economic Co-operation and Development (OECD) announced new minimum interest rates for officially-supported export credits for May 15 - June 14 (Apr 15 - *May 14 in brackets*):

D-MARK	9.29 (9.27) per cent
ECU	9.36 (9.21)
FRENCH FRANC	10.12 (10.14)
GUILDER	up to 5 years 9.60 (9.70), 5-8.5 years 9.40 (9.50), more than 8.5 years 9.30 (9.40)
ITALIAN LIRA	12.04 (11.94)
YEN	5.80 (same)
PESETA	12.28 (12.25)
STERLING	10.64 (10.85)
SWISS FRANC	7.67 (7.60)
US DOLLAR	for credits of up to five years 6.93 (7.18), 5-8.5 years 7.78 (7.95), for credits of over 8.5 years 8.15 (8.26).

These rates are published monthly by the Financial Times, normally around the middle of each month.
A premium of 0.2 per cent is to be added to the credit rates when fixing at bid. Interest rates may not be fixed for longer than 120 days.
SDR-based rates of interest are the same for all currencies but must be used only for the OECD-defined poor countries. The SDR-based rate was most recently changed on February 15. It will again be subject to change on July 15.

Indonesia in a bind over foreign investment policy

Less-than-clear rules, says William Keeling, means much may still have to be decided in a back room

INDONESIA'S investment policy has been through a mangle, squeezed between the government technocrats who champion deregulation and the large business groups who profit from central decision-making. At issue is the state's role in the financing of large-scale projects: nearly \$80bn-worth has been queueing up for approval.

The government set a ceiling in October on new foreign borrowing for state and private banks, state enterprises and private companies, and Bank *Indonesia, the central bank*. It also announced a timetable for 14 large-scale projects to proceed between 1991 and 1996, while four petrochemical projects were indefinitely postponed. A further 94 projects, in areas as diverse as wood pulp, mining and telecommunications, were to be reviewed.

The decision was in response to a burgeoning private and public international debt, which increased 44 per cent to \$75bn in three years, and concern over a current account *deficit of \$4.3bn in 1991.*

But as one Jakarta banker said: "In Indonesia, a government decision is seen as an invitation to negotiate." A series of intense backroom negotiations followed.

In April, the government announced that the Chandra Asri plant, one of the postponed petrochemical projects, would go ahead. This came as little surprise: Bank Bumi Daya, a state-owned bank, had already provided the project a \$550m line of credit; the project's backers included the Bimantara Citra conglomerate, headed by President Suharto's second son, and Mr Prajogo Pangestu, a leading Indonesian businessman and close associate of senior politicians.

But approval was given with provisos: the project had to be wholly foreign-owned – a first for a company outside a *bonded zone (where companies* must export production); the project had to be scaled down from \$2.25bn to \$1.6bn, and Bank Bumi Daya's irrevocable letter of credit would be transformed into a short-term bridging loan. It is unclear how the Indonesian backers will meet these criteria.

Last month, the government *announced that the rule on* 100 per cent foreign ownership was not exclusive to Chandra Asri. Full foreign ownership is now allowed for companies investing more than \$50m in projects in the highly-populated provinces of Java and Sumatra, while those with lower investment must be based in the more remote provinces. Previously, foreign companies had been allowed 95 per cent ownership of joint ventures which were export-orientated; their equity had to be reduced to 49 *per cent within 15 years.*

The decision has been an important deregulatory step, but some economists believe it provides a loophole to by-pass the ceiling on foreign borrowings – which applies only to domestic institutions and enterprises – and may worsen the current account deficit.

Government officials say *loans raised offshore to finance* wholly foreign-owned ventures will not count as Indonesian debt, although they accept that servicing such loans will have the same affect on the balance of payments as foreign loans raised by domestic companies. Economists are concerned that a shadow debt, not recognised by government but nevertheless serviced by the country's export earnings, will grow.

Indeed, there is concern that the ceilings on foreign borrowing set last year are already *being broken. Private banks* have supplied Bank Indonesia with details of foreign loans but have not been given individual limits or told if they are collectively within the ceiling.

Economists say that the central bank is reluctant to enforce the ruling because this would be tantamount to a foreign exchange control. One minister conceded: "Bank Indonesia has suggested to us that perhaps the [private bank] ceiling may have to be raised."

The ceilings on all five cate*gories may have been unneces*sarily tight, with one economist saying that even World Bank officials felt that the ceiling limits were being overdone.

The government appears to have adopted a loose interpretation of the limits: it estimates, for instance, that the eight projects scheduled for 1992-94, which include two units at the Paiton electrical power complex in East Java, have a total value of \$2.2bn.

Yet officials at the government's Investment Co-ordinating Board say that the Paiton units alone have investment approval of \$2.2bn, although this sum may include money raised *locally*. Other projects tabled for the period include a \$440m gas pipeline and an outer ring road for Jakarta.

Industry officials also say *that the \$2.5bn Exor-1 refinery* project in West Java, not on the government's list of approved projects, will now go ahead, as will the \$200m upgrading of the Balikpapan refinery in East Kalimantan.

Likely to be approved under the 100 per cent foreign ownership rule is Exor-3, a \$1bn project to refine crude oil for export *which a joint-venture of* BP and C.Itoh is studying.

Government officials say that a further 11 refinery and petrochemical projects worth *\$18.6bn remain "on hold," and* Dr Radius Prawiro, senior economics minister, insists that the days of government funding for mega-projects are numbered. "We will curb foreign borrowing. We are not going to finance big projects," he says.

INDONESIA: CEILINGS ON FOREIGN BORROWINGS (US\$BN)

	State banks	Private banks	Bank Indonesia	State enterprises	Private companies	Total
1991/92	0.9	0.5	0.5	1.5	2.5	5.9
1992/93	1.0	0.5	0.5	1.0	2.6	5 6
1993/94	1.0	0.5	0.5	1.2	2.7	5.9
1994/95	1.0	0.5	0.5	1.4	2.8	6.2
1995/96	1.0	0.5	0.5	1.6	2.9	6.5
TOTAL	4.9	2.5	2.5	6.7	3.5	30.1

Source: Government of Indonesia

Prawiro: curb on borrowing

300,310,
320,321,
330,340

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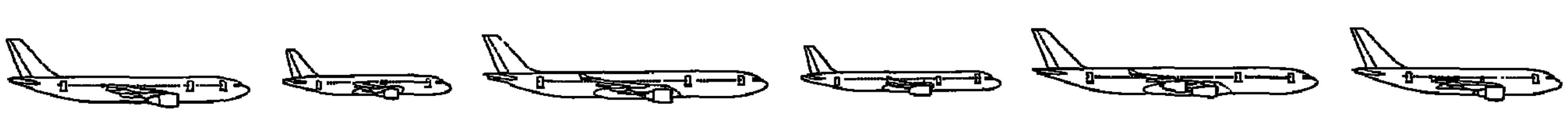


AIRBUS INDUSTRIE

Opposition leader wins hearts of Bangkok people

By Victor Mallet in Bangkok

THERE WAS no doubt yesterday that Mr Chamlong Srimuang, the devout Buddhist opposition leader arrested by soldiers in central Bangkok, was the hero of the day for tens of thousands of anti-government demonstrators and for an equal number of bystanders.

Mr Chamlong has won the hearts of Bangkok residents from civil servants and secretaries to engineers and students, first by standing aloof from the corruption of other politicians as the city's clean-living, ascetic mayor and now by leading the most vigorous protest against military involvement in government since the 1970s.

"I don't know him personally, but I have followed what he's been doing for society for a long time," said one machinery shop owner at a Buddhist temple overlooking yesterday's continuing skirmishes between troops and rioters. "He's not a guy to be taken lightly. When something's wrong, nobody wants to protest, but he speaks up."

Bangkok's relatively wealthy voters expressed their support for their former mayor in the general election in March, giving his Palang Dharma (Moral Force) party 32 of the 35 parliamentary seats from the capital, but pro-military parties bought sufficient votes in the countryside to form the present shaky coalition government.

Mr Chamlong subsequently resigned as leader of Palang Dharma in order to head a broad group of liberal politicians, academics and students seeking to give civilians more weight in the constitution and oust Gen Suchinda Kraprayoon, the prime minister, because he is not an elected member of parliament.

Shopkeepers peered nervously from behind shutters yesterday as youths burnt police cars and fire engines and yelled defiance at the soldiers, but it was difficult to find anyone prepared to criticise Mr Chamlong.

Even those residents suspicious of Mr Chamlong seem prepared to drop their objections to pursue what they see as the more important task of defeating the military.

Youths who disobeyed Mr Chamlong's orders and started hurling missiles at the police on Sunday night before rampaging through the streets smashing and burning vehicles are widely dismissed as government "agents provocateurs", although there is no evidence to support this.

Mr Chamlong, however, does not altogether escape criticism. Some older Thais are inclined to believe the official line that he is a troublemaker and a Buddhist heretic. Others think he lost credibility by starting a hunger strike to the death and then suddenly calling it off after less than a week, while Mr Chalad Vorachad, a former MP from the Democrat Party, is still fasting over a month later.

Among the most doubtful about Mr Chamlong are members of the educated elite in their 30s who believe he took part in the right-wing suppression of student demonstrations in 1976 when he was an army officer.

His decision to condone and lead Sunday's anti-government march has also been criticised as a tactical error which allowed Gen Suchinda to declare a state of emergency and crack down on the protestors.

But overall, Mr Chamlong's firm stand against his former army colleague Gen Suchinda has made him the focus of the anti-government uprising. The places where he has spoken and joined his fellow demonstrators – Democracy Monument, the Sanam Luang park and the Phan Fa bridge – have intense historical and emotional undertones for those who remember the successful pro-democracy student protests of 1973.

"We just want the prime minister to resign," said a 35-year-old engineer trying to cross a barricade and join the demonstrators yesterday with his wife and his mobile phone. "If we win this time, I don't think the army will have power again."

See Editorial Comment

Thais quick to defy army control

Peter Ungphakorn on the military's thirst for political power

MANY WHO saw General Suchinda Kraprayoon's press conference on February 24 last year, the day after the military seized power, were impressed by the performance of the Thai commander in chief.

His manner was friendly and relaxed, and he appeared willing to tolerate frank questioning. He also modestly admitted that he was not well versed in certain matters of state, such as the economy, and was therefore prepared to leave broad areas of policy to the experts.

A week later he further enhanced his standing in the eyes of many by appointing a respected and able civilian, Mr Anand Panyarachun, to be prime minister,

This was a stark contrast to the military dictators who dominated Thai politics for 40 years up to the 1970s, and still leave a legacy of thirst for political power within the army.

Fourteen months later, as prime minister and himself faced with a mass campaign against his rule, Gen Suchinda presents a different picture. But many analysts believe that even if he does win the current battle, the return of the military to full domination cannot be taken for granted.

It is significant that he is the first military prime minister to have been the target of such massive public opposition as soon as he took office.

A similar uprising, in October 1973, took place when the public became tired of years of dictatorship. This time, the public in Bangkok was determined not to let the military take control right from the beginning.

Part of the reason lies in the growing strength of urban civil society that has built up with the country's rapid economic growth and a lengthening if intermittent history of parliamentary democracy. In Bangkok and many urban centres, the public is much less willing to bow to the military.

Another part involves the image of Gen Suchinda and his colleagues that has emerged since last year's coup. His apparent indifference to public opinion has added to the alienation.

General Suchinda dominated the fifth class of cadets studying under the post-Second World War curriculum of the country's military academy. The group is now known as Class 5. The year of graduation from the academy has come to be a key element in determining allegiances and enmities within the forces

Class 5's politicisation came about in the late 1970s and early 1980s with the rise of a group two years his junior, Class 7. The Class 7 officers, who became disillusioned with years of fighting communism in Thailand's poorest provinces, were responsible for the appointment of several prime ministers, including Gen Prem Tinsulanonda.

Class 5's response to the Young Turks, who looked as though they might overtake them, was to form a "Democratic Soldiers" group, and much of the internal military conflict in the 1980s was between the two.

Three figures have emerged as leaders of Class 5 since last year's coup: Gen Suchinda, Air Chief Marshal Kaset Rojananil, the Air Force chief who succeeded him as Armed Forces Supreme Commander, and Gen Issarapong Noonpakdi, the premier's brother-in-law who replaced him as army chief.

Several other Class 5 figures are in positions of power, and two members of the Noonpakdi family have risen to important command positions.

Because many of the officers also have business interests, the Bangkok public, including much of the business community that would once have worked hand in hand with the military, has become highly suspicious of the degree of domination.

The opposition is therefore seen as a civilian response to the return of the military, and in many ways it is. But it is also important that many of the elected politicians leading the opposition in fact have military backgrounds.

Maj Gen Chamlong Srimuang, the near ascetic former governor of Bangkok, who was arrested yesterday, was a member of Class 7 before he left the army. This may explain why the prime minister treated his actions with utmost suspicion.

Gen Chamlong before his arrest yesterday and, right, a group of demonstrators are led away in handcuffs by army officers in Bangkok

Slowdown fuels further rise in Japan's surplus

By Robert Thomson in Tokyo

JAPAN'S TRADE surplus for April rose 13.4 per cent compared with the same month last year to $7.16bn (£4.04bn), reflecting the strong increase in exports that has accompanied the slowing of the domestic economy.

Meanwhile, corporate bankruptcies rose 14 per cent from March, Tokyo department store sales were 5 per cent lower than in April last year, and wholesale prices were down 0.1 per cent from March.

In spite of the signs of economic slowing, the Ministry of International Trade and Industry (Miti) said the Organisation for Economic Co-operation and Development (OECD) was too conservative in its estimate of 1.8 per cent Japanese growth for 1992, and that the figure would be closer to the government estimate of 3.5 per cent.

The Ministry of Finance said customs-cleared exports rose 13 per cent from a year earlier to $27.23bn and imports were 12.8 per cent higher at $20.07bn, though the figure was distorted by a taxation change that led to a once-only 58 per cent increase in fuel imports to $4.55bn.

Seasonally adjusted, the surplus fell from $9.14bn in March to $6.86bn, with a 4.3 per cent fall in exports and a 5.8 per cent increase in exports.

But year-on-year export growth was strong for most leading items and markets. Exports to the US rose 15.8 per cent to $7.52bn and imports were unchanged at $4.23bn, while exports to the European Community were 11.1 per cent higher at $5.41bn and imports rose 11.9 per cent to $2.66bn, highlighted by the first increase in artwork imports in a year and a half.

The express rate of growth in trade with China continued, with Japan's exports to that country rising by 37.2 per cent and imports up by 39.4 per cent. Present trends suggest that China will leapfrog Taiwan, South Korea and Germany in the next year to become Japan's second largest trading partner.

Exports of transport machinery, by value, rose 19.7 per cent on a year earlier, of chemicals by 19.4 per cent, of precision instruments by 15.8 per cent and of ordinary machinery by 13.1 per cent.

As for bankruptcies, Teikoku Data Bank, the credit research agency, said 46.8 per cent of the total were linked to the collapse of Japan's economic bubble or the slowing of the economy. The number of cases in April rose 33 per cent from the same month last year.

The Japan Department Stores' Association said the 5 per cent fall in Tokyo sales during April was partly caused by unfavourable weather, which led to a 4 per cent fall in clothing revenue. Household goods sales were down 11.1 per cent, while sales of food items rose 4.8 per cent.

Bank of Japan officials, who are concerned that inflation could be stimulated by increased economic activity, said the composite wholesale price index fell 0.1 per cent from March, and was down 1.2 per cent from April last year. However, the bank remains concerned about price rises in the service sector.

Australian cabinet minister resigns

By Kevin Brown in Sydney

AUSTRALIA'S Labor government suffered a serious blow yesterday when Senator Graham Richardson, a senior cabinet minister, resigned over his relationship with a businessman facing fraud charges in the Marshall Islands.

Senator Kerry Sibraa, a second minister embroiled in the affair, appeared to have survived as president of the Senate after Mr Paul Keating, prime minister, accepted a report explaining his involvement.

However, the affair appeared likely to spread after Mr John Hewson, the conservative opposition leader, demanded an investigation into the role of Senator Gareth Evans, the foreign minister.

Mr Richardson, who was transport and communications minister, is credited with helping Labor to win the last federal election in 1990 by persuading Mr Bob Hawke, the then prime minister, to endorse a strongly environmentalist manifesto.

His resignation is a victory for the opposition, which has pursued the Marshall Islands allegations since they emerged in the Victorian state parliament earlier this month.

Mr Richardson, who denies any wrongdoing, said he had decided to resign to avoid damaging Labor's prospects in the next federal election, which must be held by mid-1993.

His resignation follows a spate of revelations about his relationship with Mr Greg Symons, a relative by marriage, who is on trial for forgery in the Marshall Islands, a former US protectorate in the Pacific.

Mr Richardson admits meeting Mr Symons in his Senate office, writing a reference for him, and telephoning Mr Amata Kabua, president of the Marshall Islands, after Mr Symons was arrested.

He initially denied any knowledge of Mr Symons' business affairs, but later admitted knowing he was involved in a business emigration scheme aimed at attracting Asian investors to the Marshall Islands, which has a passport union with the US.

His resignation appeared to come as a surprise to Mr Keating, who said he would consider a cabinet reshuffle later in the week.

Mr Keating said Mr Richardson's relationship with Mr Symons had been unfortunate, but not improper.

Richardson: denies any wrongdoing

NEWS IN BRIEF

Taiwan releases leading dissident

TAIWAN released its most prominent dissident from prison and granted amnesties to seven other political activists yesterday after revising its sedition law, Reuter reports from Taipei.

Mr Huang Hwa, 52, a former presidential candidate of the main opposition Democratic Progressive Party, had been sentenced to 10 years in prison in December 1990 for demanding that Taiwan declare independence from China.

PNG mining deals under fire

Sir Michael Somare, Papua New Guinea's foreign minister, threatened yesterday to redraw the resource-rich nation's mining agreements if his party retains power after the June national elections, Reuter reports from Port Moresby. "It has been too long now that resource developers have been taking PNG for a ride," he said.

Four boycott Lebanon cabinet

Four ministers boycotted the first meeting of Lebanon's new cabinet yesterday, ramming home a crisis of confidence over its ability to revive a war-shattered economy, Reuter reports from Beirut. The Lebanese pound plunged to close at a record official low of L£1,650 to the dollar, 4.8 per cent down from Friday, as Mr Rashid al-Solh's Syrian-backed cabinet convened.

Kuwait to sell off petrol stations

Kuwait is to privatise petrol stations, the first step in plans by the cash-strapped government to transfer some companies to the private sector, Reuter reports from Kuwait City. The cabinet decided on Sunday night that the petrol stations could be transferred to individuals as well as companies. Mr Hamoud Abdulla al-Rooba, oil minister, is to draw up regulations to implement the measures in six months.

S African murder probe ordered

South Africa's chief detective has been told to investigate evidence that a cabinet-level committee ordered the 1985 murder of black activists, Reuter reports from Cape Town. The Law and Order Ministry said Col Carel Brits, national head of the murder and robbery unit, would go to Port Elizabeth to lead the investigation into the unsolved murder of Mr Matthew Goniwe.

Sudan changes currency

Sudan yesterday announced the introduction of a new currency which it said would help fight inflation and reduce the cost of printing banknotes, Reuter reports from Khartoum. The Bank of Sudan said the currency, the dinar, would be worth 10 Sudanese pounds. Accordingly, a dollar would fetch about 10 dinars at today's rate of exchange. The Sudanese pound would continue to circulate alongside the dinar for some time.

Moslems and Christian clash

Battling Moslems and Christians rioted and looted in northern Nigeria, setting churches and cars alight and causing "a huge loss of lives," the Kaduna state government said, AP reports from Lagos.

Indonesian voters face jamborees

By William Keeling in Jakarta

INDONESIA'S strict election code, which includes a ban on political party supporters forming a convoy of more than three vehicles, yesterday lay in tatters.

Hundreds of motorcycles, their riders and passengers waving the red flag of the Indonesian Democratic Party (PDI), trawled the streets of Jakarta, honking horns, wailing slogans at bemused pedestrians and generally having a political ball.

Members of the ruling Golkar party, in power since 1972, have promised not to make empty promises during the campaign and have turned their rallies into jamborees instead. Campaign podiums have been occupied mostly by singers and dancers, with the occasional politician making a short political statement.

The use of such an approach is questionable. Many of the bikers supporting PDI, dressed in red T-shirts emblazoned with PDI's symbol of a discontented bull, were youngsters ineligible to vote at the June 9 poll.

The local press has been calling on the government to allow greater political expression and an end to entertainment rallies.

"I'd prefer three votes, then I could give one to each party. They're all the same," complained a businessman.

Suspended Bombay broker tries to embarrass authorities

By David Housego in Bombay

THE BOMBAY stockbroker implicated in a financial scandal yesterday sought to embarrass the Indian monetary authorities by declaring that his alleged illegal transactions were common practice in the Indian interbank securities market.

Mr Harshad Mehta, who was suspended from membership of the Bombay Stock Exchange on Friday after his assets had been frozen by the Central Bureau of Investigation (CBI), claimed yesterday that the Reserve Bank of India, the central bank, was "fully cognizant of these practices".

In a letter to the CBI which he released publicly, he claimed that he had violated no law. He said that all his transactions had been in line with prevailing practice – "a practice which is by no means secret or clandestine".

Mr Mehta's counter-charge is embarrassing the authorities because it is increasingly clear that the channeling of funds out of the interbank money and securities markets to finance share purchases has a long history.

It appears that Mr Mehta's operations were, however, on a much larger scale – including raising Rs6.2bn (£120m) from State Bank of India, the largest commercial bank, on the basis of securities he allegedly did not hold.

Mr Mehta's defence is strikingly – and perhaps intentionally – similar to the one being used by ANZ Grindlays, the largest foreign bank, in a dispute with the Reserve Bank of India over whether it violated RBI regulations. Grindlays paid a cheque issued to it by another bank in the course of a securities transaction into Mr Mehta's account – though the RBI does not allow the use of brokers' accounts in interbank transactions.

The domestic commercial banks and the foreign banks are to meet today in an effort to reconcile their accounts in the interbank securities market to discover the extent of false and uncovered paper.

The foreign banks are meeting separately with Mr S. Venkitaramanan, the governor of the Reserve Bank, to put their own views on tightening the operation of the market.

In thin trading, the Bombay 30-share index edged up 61.68 points to 3,456.16 on the strength of institutional support. Brokers said private investors stayed away from the market.

Ramos widens lead in Philippine presidential election

By Jose Galang in Manila

ACCUSATIONS of fraud among candidates in last week's Philippine presidential election further fuelled uncertainty yesterday, as Mr Fidel Ramos, the administration-backed candidate, widened his lead in the count.

With nearly 32 per cent of the estimated 36.7m votes counted last night, Mr Ramos, former defence chief, had a margin of 301,900 votes over Mrs Miriam Defensor Santiago, the combative former immigration commissioner who had claimed victory early in the slow vote-counting process.

Mrs Santiago had accused her rival of "wholesale election fraud" and threatened to launch protest demonstrations. Her camp announced plans to divulge evidence of the alleged fraud tomorrow.

Mr Eduardo Cojuangco, a business associate of the late President Ferdinand Marcos, maintained his hold on third slot. Mr Cojuangco, claiming that he would take the lead once the votes from the provinces were tallied, had accused the administration of Mrs Corazon Aquino of illegal spending to influence the vote.

Mrs Imelda Marcos, the once-powerful widow of the late dictator, another candidate, yesterday refused to appear in a court arraignment in connection with charges of illegal currency holdings overseas.

She said she would boycott all court hearings – she is facing more than 50 suits in various courts – in protest against what she alleged as widespread fraud in the election. She was still in fifth position yesterday in a field of seven candidates.

The Manila stock market composite index, after an upbeat mood last week following a generally peaceful May 11 polling, yesterday fell 21.26 points, or 1.6 per cent, to to 1,317.11.

Inflation surge highlights gloomy state of Israeli economy

By Hugh Carnegy in Jerusalem

AN UNEXPECTEDLY high rise in inflation, until recently one of the few indicators in Israel to show an encouraging trend, has highlighted the gloomy state of the immigration-burdened economy as the June 23 general election campaign picks up pace.

While the debate between the ruling Likud party and the Labour opposition tends to be dominated by the political issue of how to resolve the Arab-Israeli conflict, the government is worried that record unemployment levels and lack of significant growth will damage its prospects among such key constituencies as new immigrants from the former Soviet Union.

The government statistics bureau tentatively reported a pick-up in industrial exports and investment in recent weeks, saying this could presage a recovery. Tourism is sharply up this year. But most figures offer the government little comfort.

The consumer price index rose 1.8 per cent in April, the highest monthly increase since last August when an inflation surge driven mainly by rising house prices began to reverse. April is traditionally a high inflation month, but there were hopes that the index, which rose by 18 per cent in 1991, would be held lower at a time of stagnation in the economy.

A report by Bank Hapoalim says a slowdown that began in the second half of last year continued through the first quarter of 1992, its index of industrial production showing a downward tend from last August. Newly published final government statistics for 1991 show gross domestic product rose 5.8 per cent last year. But per capita growth was negligible because of a similar rise in the population from Russian immigration.

The biggest worry has been the poor performance of exports. Meant to be the engine of successful immigration absorption, exports fell 2 per cent in 1991. Bank Hapoalim said industrial exports suffered a downward lurch in the first quarter of more than 4 per cent in dollar terms compared with the last quarter of 1991.

Unemployment has risen to about 12 per cent of the workforce. Among new immigrants the rate is almost 40 per cent, a figure which is blamed for a steep fall in the flow of newcomers despite economic hardship in the former Soviet republics.

Meanwhile the government is facing budget pressures. Pledges to buy back from contractors thousands of unfilled apartments over-ordered in the rush to house immigrants could cost Shk3bn (£700m) this year. A 4 per cent pay supplement to public sector workers and plans to scrap an employers tax could cost more than a further Shk500m.

Public expectation of protection against all losses may damage financial system

Bank issues warning on regulation

By Emma Tucker, Economics Staff

THE public's growing expectation that it should be protected against all loss caused by the failure of a financial institution could damage the long-term health of the financial system, Mr Eddie George, deputy governor of the Bank of England, warned yesterday.

In a speech to the Royal Institute for International Affairs, Mr George warned that *politicians and investors* needed to understand the trade-off between the benefits of free, competitive financial markets and the social benefits of regulation.

Cautioning against the constraint on competition of excessive regulation, Mr George said that minimum standards should not be so demanding that institutions – such as banks, building societies, securities houses and insurance companies – could never conceivably fail. Nor should individuals *expect to be fully compensated* by the government.

"I have a sense that society *is* coming to expect an awful lot, including all the benefits of free markets on the one hand, and increasingly high standards of protection against a widening range of financial risks on the other," he said.

Regulation was not a "free good" available in unlimited amount, but a cost which the consumer ultimately had to bear.

Mr George said regulators *could not reasonably* be expected to guarantee 100 per cent success in the area of consumer protection. A situation where depositors and investors felt they were relieved of all responsibility for counterparty risk, would place an intolerable burden on regulation.

Addressing the issue of fraud, Mr George said it was no more possible for regulation to prevent all abuse of the financial system, than it was for the police to eradicate all crime.

"In both cases the most that *can realistically be expected is* that the policing activity should represent a very powerful deterrent," he said.

The Bank of England has come under strong criticism for its failure to intervene earlier in the activities of the collapsed Bank of Credit and Commerce International.

Mr George did not say where he thought the line between conflicting objectives should be struck. "There has to be a balance. but that balance is difficult to pin down," he said.

Labour leader wins support on electoral reform

By Ivo Dawnay, Political Correspondent

A SEVEN year battle by Mr Neil Kinnock, leader of the opposition Labour party, to reduce trade union influence over the selection of Labour MPs advanced significantly yesterday when a key party committee voted to replace an electoral college with a one member, one vote system.

The decision, agreed by 11 to 2 votes of the national executive's organisation sub-committee, looks certain to be endorsed by the full executive later this month in a final gesture of support for the outgo*ing party leader.*

But the move is also likely to stir controversy and opposition *among left-wingers and union* activists when it is comes up for ratification at Labour's *annual conference in the* autumn at Blackpool.

Yesterday there were a number of abstentions and absences among important union members of the 24-strong committee including the GMB general union, usually firm leadership supporters.

Under the current arrangements, union branches affiliated to constituency parties (CLPs) can command up to 40 per cent of the vote in an electoral college with the rest going to individual members.

A compromise proposal, broadly endorsed by conference last year, allowed CLPs management committees to opt for one member one vote or to allow unions a role based on a third of a vote each for each affiliated political levy payer.

Under Mr Kinnock's proposal, however, first mooted by the leader in 1985 and agreed yesterday, this formula would now drop in favour of a straightforward one member, one vote alternative.

Doubts are continuing to linger, however, among some unions, with Mr John *Edmonds, the GMB leader,* proposing that changes should only be made as part of coher*ent overall review of Labour's* union links.

Presenting the case for change, Mr Kinnock was careful to stress that it did not represent an attack on the unions but merely a necessary step in order to allow CLPs to begin the reselection procedure next year – well in advance of the 1994 European elections.

But even before yesterday's meeting, Mr John Prescott, a candidate for the deputy leadership, expressed serious reservations about the speed and timing of the move.

Leftwing shift unlikely in UK trade union movement

David Goodhart on the political mood after Labour's general election defeat

BRITAIN'S biggest union for government officials, the Civil and Public Services Association (CPSA), may today elect as general secretary a leading member of the far left Militant group.

But this should not be taken as a sign of a shift to the left in UK unions, with activists looking to militant policies to defend them in the wake of Labour's election defeat.

After the Labour opposition's 1979 defeat there was a leftwing backlash, both in the party and the unions. With increasing confusion about what is "left" and "right" there is no evidence of the Labour party repeating that reaction in 1992.

The picture may be more complex in the unions. With the unity of the election cam*paign no longer required, and* moderate supporters of Mr Neil Kinnock in the unions even more depressed than leftwing activists, the left may increase its representation on a few union executives.

But, despite some movement to the left in the past year, it is starting from a low base. Even in unions which are called "left-led", such as the Transport and General Workers Union, the left is often no more than an election machine with little ideological coherence.

Further, while the left may celebrate the odd victory, it is also losing leaders. Mr Roger Lyons, a pragmatist, will, for example, take over the leadership of MSF general technical union, from leftwinger Mr Ken Gill in August.

Most important of all, the old backbone of the left in the unions, the Communist Party, has collapsed along with its traditional paymaster, the Soviet Union. The collapse of communism and the smothering effect of "Kinnockism" – *beyond left and right – has* reduced the left in the unions to a rump.

In the early 1980s the Broad Left groupings in the unions were genuinely broad – ranging from the left of the Labour party, through the Communist Party to various Trotskyist splinter groups. Now, most Broad Left groups are synonymous with the Militant group, which appears to have shifted its "entryism" efforts from the Labour party to unions such as the CPSA.

A revival of the left depends on having issues to regroup around. No obvious ones are in sight. On basic industrial issues all trade unions, and all factions within them, are on the defensive.

On political issues the debate will be between the reformers who want to revise, if not sever, the union links with the Labour party, and the conservatives who want to preserve as much of it as possible. The left is in the conservative camp on that issue but it is accompanied by a fair number of moderates too.

In the sectors which face big, politically-inspired, shake-ups, the picture may be slightly different. Government officials – the civil service – is high on that list, and if Mr John Macreadie, the Militant-backed candidate for the CPSA's top job, wins the election today it will be partly because many ordinary civil servants fear for *their jobs and believe that a* radical will defend them better than a moderate.

Mr Barry Reamsbottom, the moderate candidate, says it would be "catastrophic" if the left won, either the top job or in executive elections which are also taking place. It would "give the government the excuse it needs to end collective bargaining entirely in the civil service".

But the CPSA has a history of violent political swings, and Mr Macreadie has a higher profile than his opponent and a reputation for competence.

He is offering to do the job for no more than the average skilled wage – a good populist gesture in any union election.

Britain in brief

FT team wins award for BCCI reports

A team of Financial Times journalists led by David Lascelles has won the Reporter of The Year award in the British Press Awards.

The award was won for the paper's investigation of the BCCI scandal. James Ferguson of the FT also shared the Graphic Artist of the Year award with Alan Gilliland of the Daily Telegraph.

Raymond Snoddy, the FT's media correspondent was commended in the Specialist Writer of the Year Award, a section won by the City Desk of the Mail on Sunday for their coverage of chairman's pay. The top award, Journalist of the Year, was won by Guardian journalist Martin Woollacott who the judges praised for helping "to put the human catastrophe of the Kurdish people at the top of the political agenda."

Asda cuts managerial jobs

Asda, the struggling Leeds-based grocery chain, has declared 500 management jobs redundant at its 206 stores as part of its continuing drive to reduce costs.

But the company plans to limit job losses by redeploying *some affected staff in other* functions. The move follows the loss of 350 jobs at Asda's *headquarters in January.*

Asda, the biggest employer in Yorkshire, said the job cuts reflected the cost benefits the company was able to derive from its investment in a centralised distribution network.

Army alert in Coalisland

Security forces in Ulster remained on alert in Coalisland following confrontations with residents of the County Tyrone community which culminated in the shooting of *three civilians by members of* the Parachute Regiment.

The trouble flared at the *weekend when a crowd con*fronted a patrol of the King's Own Scottish Borderers in the staunchly nationalist village.

During the violence a machine gun, capable of firing 1,000 rounds a minute, and a rifle, were taken from the soldiers. The rifle was later recovered and a search is continuing for the machine gun. The 3rd Battalion of the Parachute Regiment was summoned and during further disturbances three civilians were shot in the legs. Several troops were also injured, one seriously.

DTI urged to make inquiries

Commercial investigation requests made to the Department of Trade and Industry rose sharply in the fiscal year ended March 31 to 811, up from 723 the year before.

The rise was attributed to the increased number of corporate failures as well as greater public awareness of the DTI's investigations unit. The division has responsibility for pursuing insider dealing activities and other offences under companies, financial services and insolvency legislation.

Silicon Glen faces downturn

Mr Ian Lang, the Scottish secretary, has warned that there will inevitably be "fall-out" among electronics companies *operating in Scotland because* of technological change and recession.

*His warning echoes widely-*held fears in Scotland that Silicon Glen, as the Scottish elec*tronics industry is sometimes* known, is vulnerable to the changes sweeping the computer industry. About 45,000 people work in Silicon Glen.

Scotland has several personal computer and workstation manufacturers, including IBM, Compaq, Digital and Sun Microsystems. But Mr Lang said: "There has to be fall-out among some of the electronics industry in Scotland as a consequences of the changes that have taken place and the previous rapid expansion of the industry."

BOC to invest in new plant

BOC Group is to invest £45m in a new industrial gases production and liquefaction plant, together with a pipeline distribution system, to serve the steel industry in the Sheffield area.

The plant, at Brinsworth, *Rotherham, involves the big*gest investment of its type for BOC in the UK and coincides *with the winning of a 15-year* contract to supply oxygen by pipeline to three works oper*ated in the region by United* Engineering Steels.

Ofwat urges better services

Tougher service standards for water companies and increased compensation for customers for failure to comply have been suggested by the Office of Water Services (Ofwat), the industry's regulator.

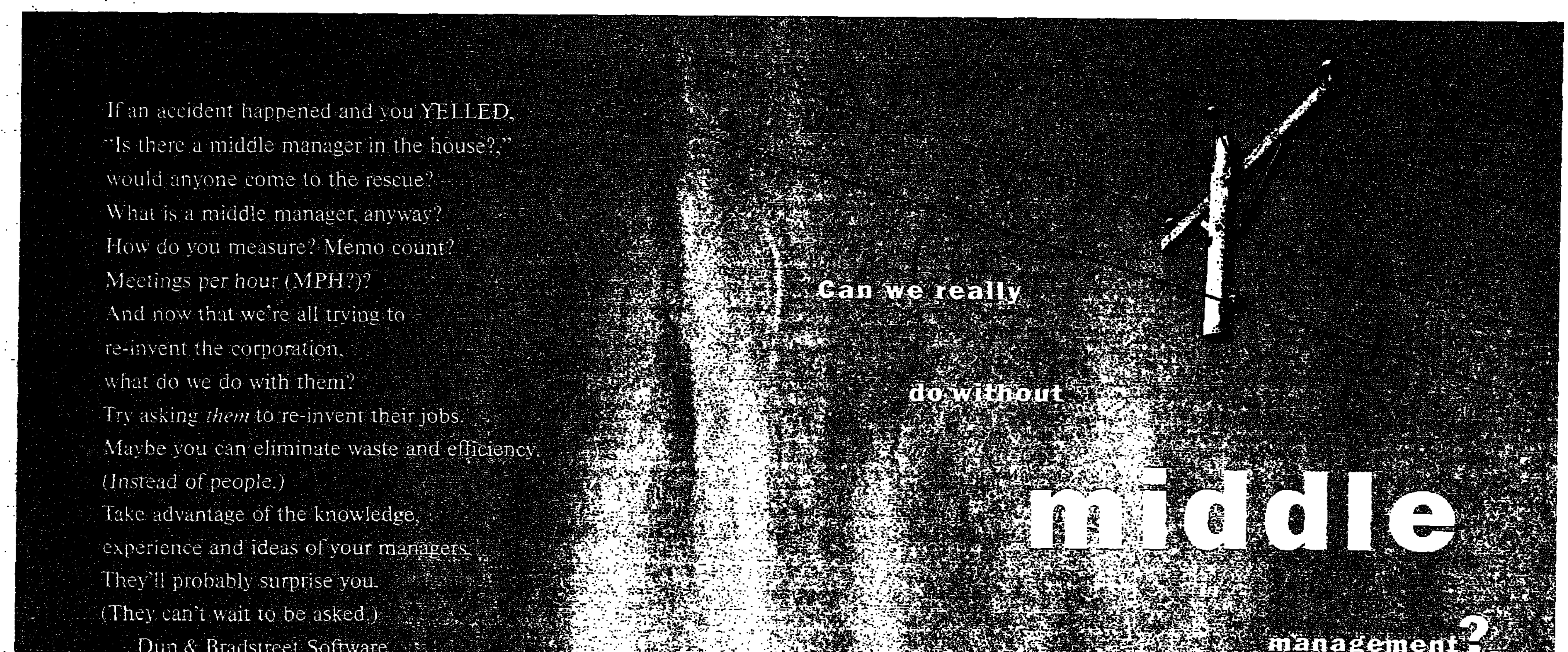
Mr Ian Byatt, director general of Ofwat, has sent a series of proposals to the industry to upgrade the current guaranteed standards scheme introduced when the companies were privatised in 1989, and for a new code of practice about compensating customers in other areas of below standard service.

Nadir judgment reserved

A judge at Stafford Crown Court has reserved judgment *for a week on an application by* Mr Asil Nadir, the former Polly Peck chairman, to have *charges against him dismissed.* Mr Nadir is currently charged with 69 counts of theft and *false accounting totalling* £100m.

Cadbury plans new warehouse

Cadbury, the chocolate maker, has asked Birmingham City Council for planning permission to build a £17m temperature-controlled warehouse at Minworth, on the eastern side of the city, in a business park owned by a subsidiary of Severn Trent Water.



Joint venture to challenge British Gas

By Neil Buckley

COMPETITION in the industrial gas market intensified yesterday with the launch of an Anglo-Norwegian joint venture which aims to be the "major rival to British Gas".

Alliance Gas is a UK-based venture between British Petroleum, the oil and gas producer, Statoil, the state-owned Norwegian oil and gas company, and Norsk Hydro, the oil and gas company in which the Norwegian government also has a 51 per cent share. The company unites the UK's biggest North Sea gas producer and two companies with the largest Norwegian gas reserves.

Alliance aims for a 15 per cent market share of the industrial and commercial supply sector by the second half of the decade, when British Gas will have been forced to cut its share to less than 40 per cent.

Sir James McKinnon, director-general of Ofgas, the industry watchdog, said

"For the first time we have got Norwegian companies in the market place, which is very important considering Norway's extensive supplies."

The company plans to supply customers of all sizes from the small commercial sector through to power generators.

Alliance has purchased the entire output of the Hyde gas field, off the Humberside coast in the North Sea, due to come on stream in October next year. It also has interests in other North Sea fields including the Anglia, Welland and Beryl fields, capable of producing up to 25m cu ft a day. It will also bid for a share when British Gas sells off part of its contracted gas later this year.

From 1996 onwards, Alliance will be able to draw on substantial Norwegian reserves. The group also announced a marketing agreement with East Midlands Electricity, similar to that already announced by five regional electricity companies with Utilicorp, second-largest US gas producer.

Sixteen companies are now challenging British Gas. The rivals have emerged following a ruling by the Office of Fair Trading that British Gas should halve its share of the industrial market by 1995.

Union leaders of 37,000 office workers at British Gas rejected an offer to increase pay by 4 per cent. The company had previously offered 3.9 per cent.

***Mr Dave Stirzaker*, national gas officer of Nalgo, said the offer was insufficient and would damage staff morale.**

Lex, Page 18

TV companies bid £304m for soccer rights

By Raymond Snoddy and *Jane Fuller*

LIVE coverage of most soccer matches involving England's top clubs will only be available on satellite television following a record joint bid of £304m over five years by British Sky Broadcasting and the BBC.

The deal takes the amount paid for TV football rights into a new league.

ITV is in the last year of a four-year exclusive deal which cost a total of £44m. The new deal, moreover, applies only to the 22 clubs in the Premier League, while the old arrangement also benefited Football League clubs in lower divisions.

BSkyB won the deal to broadcast matches played in the Premier League at a three-hour meeting of the chairman of the new league, which starts in August, despite an increased offer delivered to the meeting by Mr Greg Dyke, chairman of the rival Independent Television (ITV) Association.

BSkyB, a consortium in which Pearson, owners of the Financial Times has a significant stake, will have the right to show 60 live games a season. This means that even in the first year the broadcasters will be paying nearly £1m a live game. There are also plans to move to a pay as you view system, charging viewers for each game watched, and split the additional proceeds 50-50 between BSkyB and the Premier League.

Mr Alan Sugar, the chairman of Tottenham Hotspur who has an interest in distributing satellite dishes through his company Amstrad, said if £2 were charged per game, about £120m would be brought in per season if 15 per cent of 7m dish owners paid the fee.

Each of the clubs will be guaranteed £1.5m a year although the exact amount will depend on how many times they feature in live coverage and their league position at the end of the season.

BSkyB will pay £40m in the first year of the deal, £42m in the second and £44m in the remaining three. In addition the satellite venture will pay £10m a year for sponsorship rights and £8m a year for overseas broadcast rights. The BBC will pay £4.5m a year for its more limited access.

The live BSkyB matches could go on a subscription channel so that pictures are only available to satellite homes paying a monthly fee.

The ITV bid was worth £30m in the first year, rising to £36m in year five – excluding sponsorship and overseas rights. This was seen as the highest amount that could be justified for a broadcaster funded by advertising. It is the equivalent of 50-60 hours of quality drama or the right to show a year's output of Hollywood films.

"Taking live Premier League Football on to a pay satellite channel will mean millions of viewers will never see a live Premier League game," Mr Dyke said yesterday.

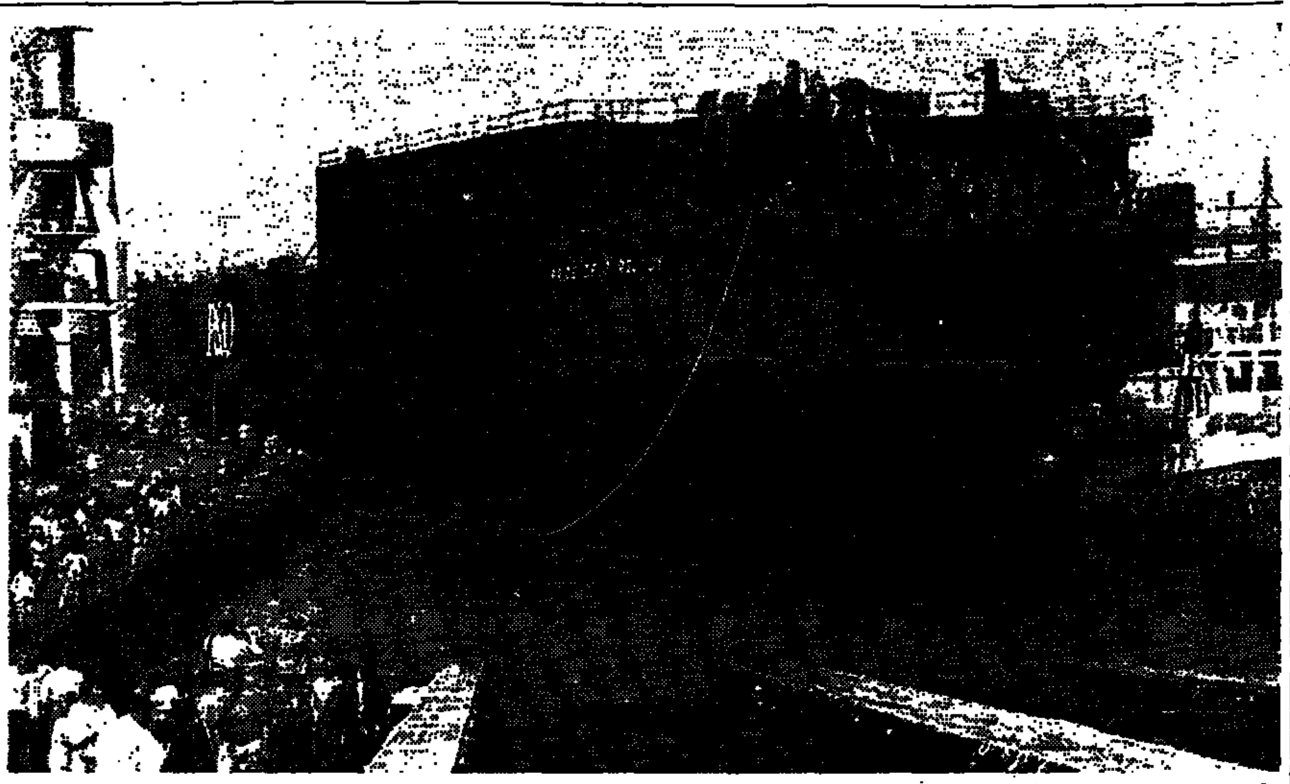
Mr Sam Chisholm, chief executive of BSkyB said yesterday the deal would mark a new era in football.

P&O puts faith in new superferry

THE BATTLE for control of cross-Channel freight and passenger routes gathered pace this week as P&O European Ferries signalled its intention to challenge the Channel tunnel by launching the latest in its new fleet of "superferries".

The weekend launch of the 28,500-tonne "Pride of Burgundy" (right) at the Schichau Seebeckwerft yard in Bremerhaven, Germany, follows a £400m investment programme by P&O which, the company says, will "revolutionise" sea crossings between Britain and the continent.

Mr Graeme Dunlop, managing director of P&O European Ferries, said: "The extra investment this represents is a clear sign of the company's confidence in the future". The new ferry is expected to enter service next year.



US group aims to run Olympic facilities

By Ian Hamilton Fazey, Northern Correspondent

SPECTACOR, the US sports management group, yesterday emerged as a potential operator of the Olympic facilities planned for Manchester's bid to win the 2000 Olympic Games.

Organisers of the bid said Manchester United Football Club and Wembley Stadium, operators of the London sporting arena, have also expressed an interest in running the Olympic stadium and sports centres.

The facilities would create up to 3,500 permanent jobs and the organisers say there is a strong economic case for the new sports developments even if Manchester fails next year in its bid.

Outline plans were submitted for a stadium, a velodrome for cycling, a national sports training centre and nearby retail and commercial development. Formal consultations will now start with about 50 businesses which will be displaced by the plans. Special financial packages to help them are being prepared by the Co-operative Bank.

The aim is to get early planning permission so that construction of at least the £9m velodrome is well under way when members of the International Olympic Committee visit the city next year before awarding the games.

By then the site of the stadium should be also be ready for construction to begin. The size of the stadium, however, will depend on the IOC decision – an 80,000-seater if Manchester is chosen; a 60,000-seater if it is not. A cost range of £100m to £120m is expected.

The government, however, which gave £53m towards the bid in February, still has to be persuaded to back a national stadium if Manchester fails to get the Olympics.

Mr Bob Scott, chairman of the bid, said: "The stadium will only be built if the games are awarded, but we hope to persuade the government to adopt a more positive view in the coming months."

MPs seek inquiry over Maxwell affair

By Alison Smith

THE Bank of England is coming under further pressure from MPs over its role in the Maxwell pensions affair.

Mr David Shaw, the Tory MP, has proposed a Commons motion calling on the Bank to carry out and publish an inquiry into the banks' lending, currency and share dealing transactions with Mr Maxwell.

The Bank's attitude will also be raised with Mr Peter Lilley, the social security secretary, by Mr Richard Page and Mr Frank Field, the two MPs who are meeting him this morning on behalf of a cross-party group of MPs concerned about the plight of the Maxwell pensioners. Mr Shaw said unless the Bank carried out an investigation and published its results, the public as well as the Maxwell pensioners themselves would feel that the whole issue had not been properly scrutinised.

He also called on the Conservative government to take action against the government and financial institutions of Liechtenstein, through some form of economic sanctions, perhaps by refusing to allow transactions to take place with them.

MPs campaigning for the Maxwell pensioners have become increasingly frustrated that in the six months after the state of the pension funds emerged there has been little progress in finding solutions to the pensioners' difficulties.

Hordern tipped to lead Euro-group

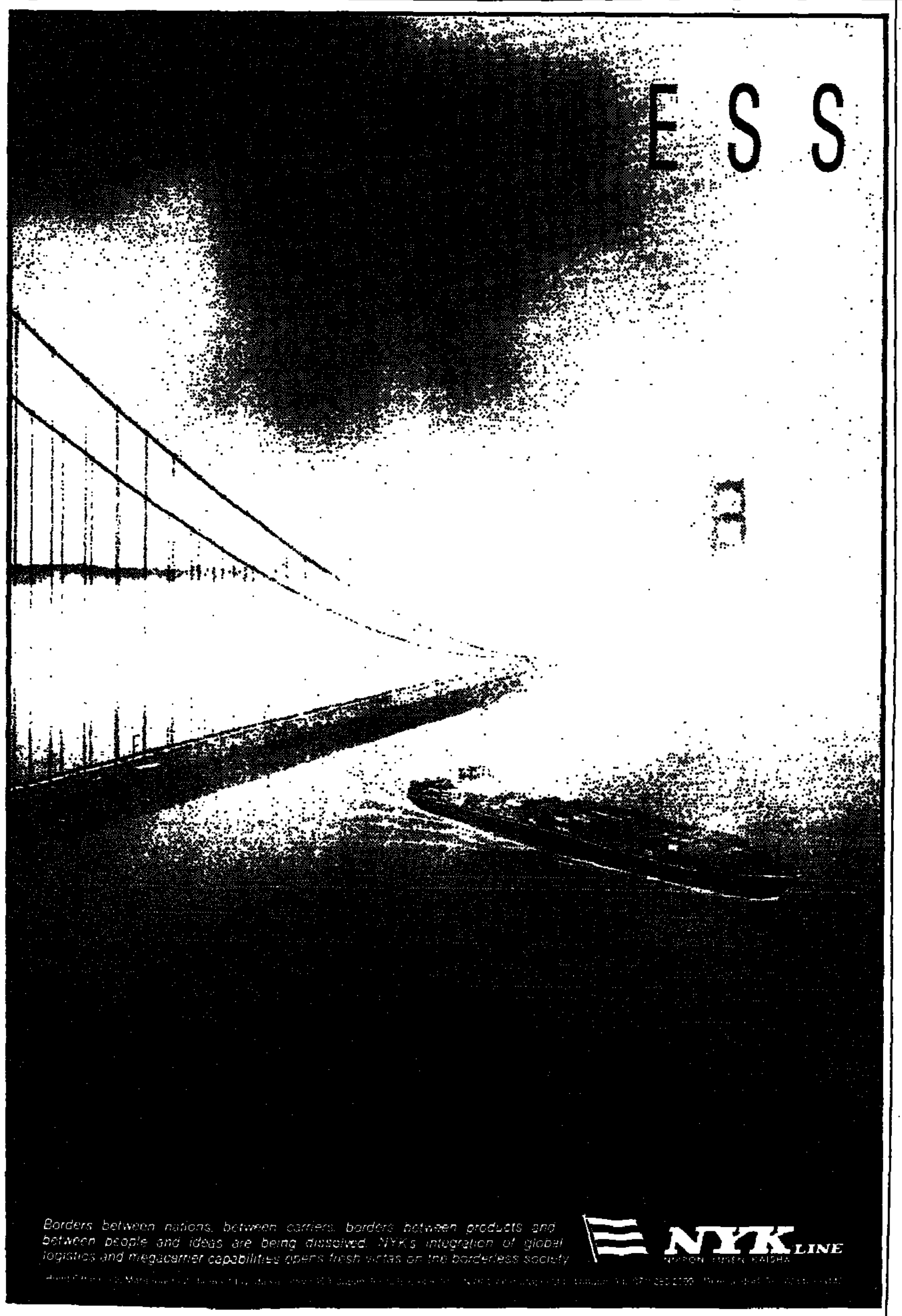
SIR PETER Hordern, the senior Tory MP, is expected to be the favourite candidate to takeover the chairmanship of the party's European affairs committee, which represents backbench opinion on EC policy, writes Alison Smith.

Elections to the Tory backbench committees are conventionally low-key, but the EC affairs committee rose to unprecedented prominence last November when Sir Norman Fowler, now the Tory party chairman, stood and won against the former incumbent, Mr William Cash, MP for Stafford and a noted Euro-sceptic. Downing Street officially played no part in the contest, but was clearly satisfied with Sir Norman's win.

Mr Cash is said to be considering whether to stand in the forthcoming contest, which will take place on 3 June.

The Maastricht bill will have received its second reading by the time of the elections, but the future of European union will still be in front of MPs during the summer, as the legislation is considered in detail.

Sir Peter says his main role would be to keep the party together in support of the government's Maastricht legislation.



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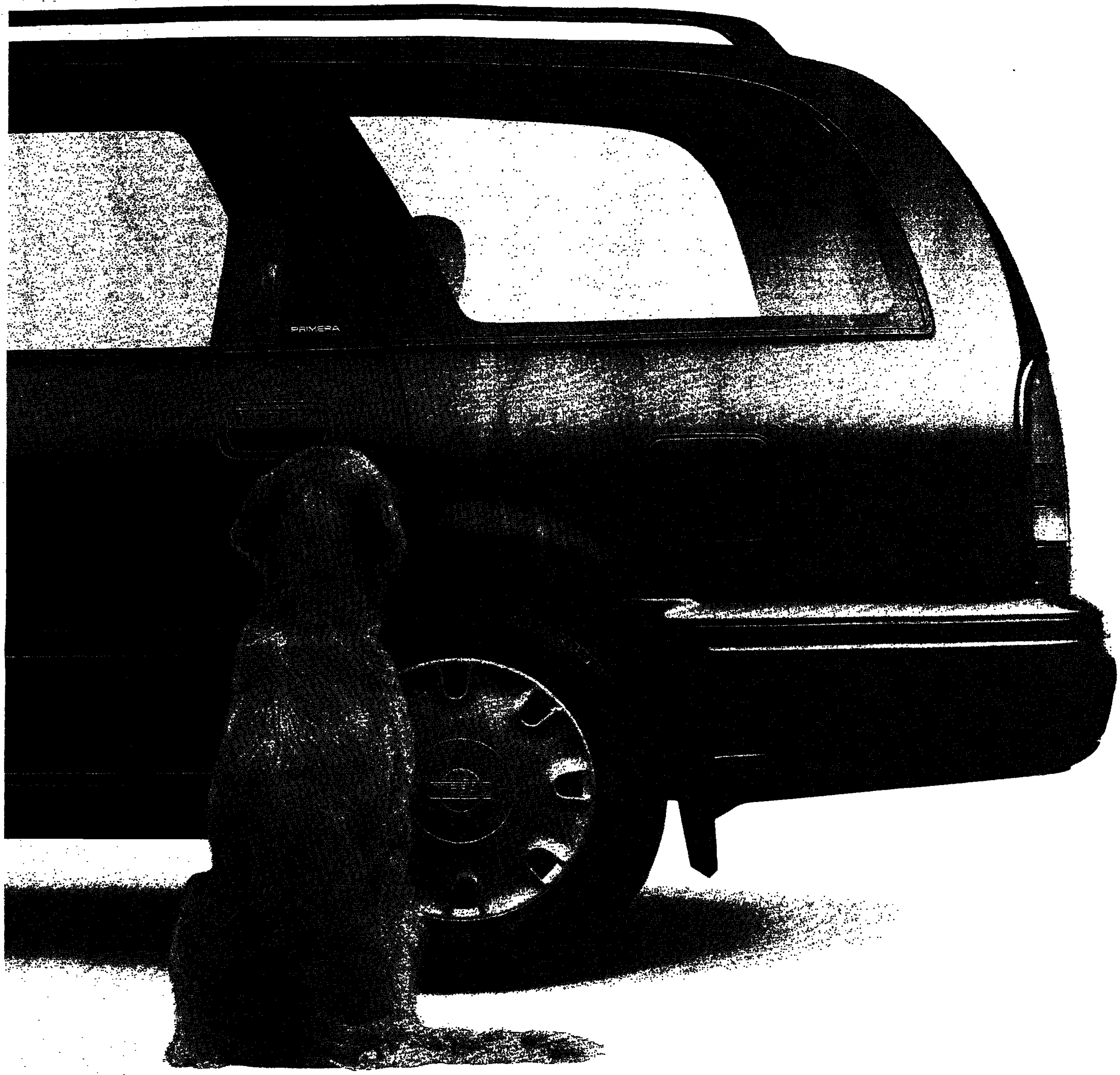

In your search for a family car, you read car magazines. Ask all your neighbours questions. All your colleagues, too.

Perhaps you forgot to consult the expert that's by your side all the time. The one that always sits in the back.

Place him before a Primera Wagon. He'll just sit there, admiring the beautiful, smooth shape.

Until you open the hatch door. Watch how he easily slips through the wide tailgate. Notice him sniffing the carpet. (Don't worry, it's stain resistant).

Now get behind the powered steering wheel. Yes, you. Fire up the available 2.0-litre, 16-valve engine and soon your dog's tail will start wagging to and fro. Once on the road, even he'll have to strain to hear wind and road noise.

Open the electric windows, he'll stick his head out to check the windflow, no doubt. But don't test the ABS until he's safely inside. Now that everything has been checked, he'll stretch out in the back. Where thanks to a unique rear suspension, the floor is completely flat.

Pampered with all this comfort, he'll fall asleep. Consider it a sign of approval.

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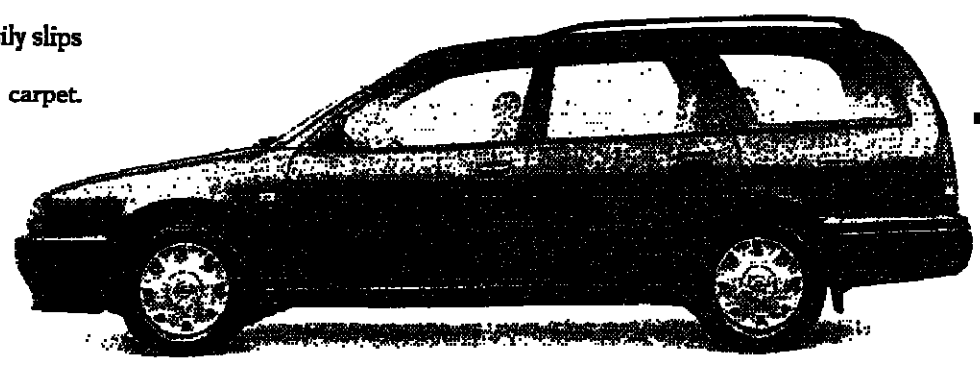


Model shown Station Wagon. Specifications may vary in every country.
The Nissan Primera is available in 4-door Sedan, 5-door Hatchback and Station Wagon models.

MANAGEMENT: THE GROWING BUSINESS

—In a—
Nutshell

The single market leaves bosses cold

British companies are more dismissive of the likely impact of the single European market than French and Danish counterparts, according to a survey* by accountants Grant Thornton.

Thirty-seven per cent of small- and medium-sized businesses polled in the UK viewed the proposed market as irrelevant, compared with only 18 per cent of French businesses and 25 per cent of Danish companies.

Despite these sizeable minorities, more than half the companies in all three countries plan to develop new markets, in particular inside the European Community. Joint ventures and strategic alliances are the favoured means of expansion in preference to outright acquisitions.

**European Business Survey. From Vicky Phillips, Grant Thornton, Melton Street, London NW1 2EP. Tel 071 728 2762. £35*

A simple guide to printing money

Shortage of cash is the most common reason why companies fail. Often disaster could have been avoided with better forecasting, stronger working capital control, proper funding and tighter monitoring of cash.

A new booklet produced by Kall Kwik*, the franchised chain of print shops, spells out the basics of cash management.
**Send sae with 36p stamp to Kall Kwik Printing, Kall Kwik House, 106 Pembroke Road, Ruislip, Middlesex, HA4 8NW*

Talking the language of business abroad

Want to do business overseas but do not know where to begin? The British Chambers of Commerce has published its Export Services 1992-1993 Guide*, containing useful addresses and advice on export counselling, translation services, overseas trade missions and exhibitions.

** British Chambers of Commerce, Export and Trade Unit, 4 Westwood House, Westwood Business Park, Coventry, CV4 8HS. £8*

Many British companies have been broadening their horizons in pursuit of growth. **Hester Thomas** reports

How to find a partner to fly the flag in Europe

Three years ago, Gerard Lecoeur and David Mackay, directors of Crabtree Hall, a London-based design company, sat down to talk about the future of their industry.

They thought that there were too many design companies in Britain and decided that they should reduce their total dependence on the UK market.

"We decided that a quick way to make an impact," explains Mackay, "would be to ally ourselves with a *French design company* which had complementary skills to our own". Since Lecoeur is French, it seemed the obvious answer.

By the beginning of 1990, having researched the market, Crabtree Hall settled for the Paris-based company Plan Creatif. A year later, a joint venture company, *Crabtree* Hall-Plan Creatif was launched.

"The aim," says Mackay, "is to identify areas where we can operate *together, amalgamating our skills* on large projects such as the design of shopping centres".

At the same time, both Crabtree Hall and Plan *Creatif* continue to operate as individual concerns.

Small companies look for partners in continental Europe for a whole host of reasons.

Ake Franzen, managing director of Glassfibre Flagpoles, based in Darlington in the north-east of England, wanted to sell in Europe because he considered his company had saturated the UK market.

The Slough-based marketing services group, Clarke Hooper, specialises in sales promotion work. Barry Clarke, group chairman, initially wanted European partners so that the company could refer its international clients to reputable groups in other countries.

Finding a partner in Europe can be an onerous task. Crabtree Hall eventually found its partner through published information.

Linda Shoppee, business development director, obtained a list of France's top 25 design groups from a directory published by a French media magazine.

Shoppee wrote to most of the design groups asking for more background information. Those which were affiliated to advertising agencies – and thus not independent – were quickly dropped, as were those which did not have design services complementary to Crabtree Hall's.

Shoppee then visited 10 companies from which she drew up a short-list of three for Mackay and Lecoeur to see.

"We felt an immediate rapport with Plan Creatif," says Mackay. "The two principals, Claude Braunstein and Clement Rousseau were of similar ages and temperaments to ourselves. In terms of personality and attitudes, they were our sort of people."

Franzen found distributors and *agents for his company's flagpoles* by a variety of means.

He took part in two trade missions to Belgium and Italy, organ*ised by the Department of Trade* and Industry, coming away with distributors in each country.

The regional development agency, Northern Development Company (NDC), was also helpful in supplying European contacts. "I also found distributors through embassies, by looking up trade lists, even by reading local telephone directories," Franzen says.

One partner acts as the lead on a *project and the other invoices it in* local currency for consultancy time and expenses. Profits are shared among the partners and taxed in *their hands.*

With just eight employees and little time to spare for developing close relationships, Franzen decided *to go for a more arms length* approach with his partners.

Glassfibre Flagpoles has set up exclusive trading contracts with its distributors and agencies. It is up to each distributor and agent to develop business in its country.

> **SOURCES OF INFORMATION**
>
> ■ The Single Market: Guide to Sources of Advice, available from the Department of Trade and Industry. Gives details about European *Information Centres (EICs) and the Business Co-operation Network* (BC-Net) which help smaller companies to identify partners in other Community countries.
>
> ■ Your local chamber of commerce *can also put you in touch with the local EIC or BC-Net.*
>
> ■ Your clearing bank may be able to help: many have computer services to help match up companies from different countries.

For Clarke Hooper, finding European partners was relatively easy. Before setting up his company, Clarke had worked as European vice-president of an advertising agency and had made contacts in the sales promotion industry.

He started by contacting old colleagues, initially in Gruber Titze und Blank in Germany and Group IPC in France, to see if they would like to set up an informal network.

The three British companies have set up very different types of partnership. Under guidance from its lawyers, Crabtree Hall/Plan Creatif opted for a new legal formula – a European Economic Interest Grouping (EEIG).

Created by the European Commission, it allows companies from more than one community country to establish a joint business venture.

Under the Crabtree Hall-Plan Creatif agreement, each partner contributes equally to an annual marketing budget of about £125,000.

The incentive to do so comes in the form of a percentage cut of sales.

Clarke Hooper has developed the most informal of networks. From the start, Clarke was adamant that he did not want to create a time-consuming bureaucracy of companies.

As a result, no contracts exist and the only piece of paper that members are asked to sign is a simple mission statement.

The network, comprising eight companies in Europe and six from other parts of the world, has banded together to become the Promotional Consulting Association International (PCAI).

Its main purposes are to exchange information on sales promotions and to help one another with the implementation of international promotions.

Members contribute to an annual kitty of around £100,000 to fund the group and they meet once a year.

These various partnership agreements have provided the companies with numerous benefits.

Both Crabtree Hall and Glassfibre Flagpoles have ceased to depend *wholely on the UK market* for business. In 1991, Crabtree Hall gained £450,000 – almost 25 per cent of its turnover – from work in Europe.

"It's *more than compensated for* what we lost in the UK because of the recession," says Mackay.

Franzen expects 50 per cent of Glassfibre Flagpoles' estimated turnover of £1m to come from exports to Europe this year.

He has been particularly successful with his Spanish agency, Epok, which has negotiated sales of flag poles worth about £600,000 for the Olympic Games and Expo 92.

Of the effectiveness of PCAI, Clarke says: "It's hard to see the results of the partnership in our balance sheet. Mostly, it's given us access to a world of promotional ideas and information – and that's what wins us business."

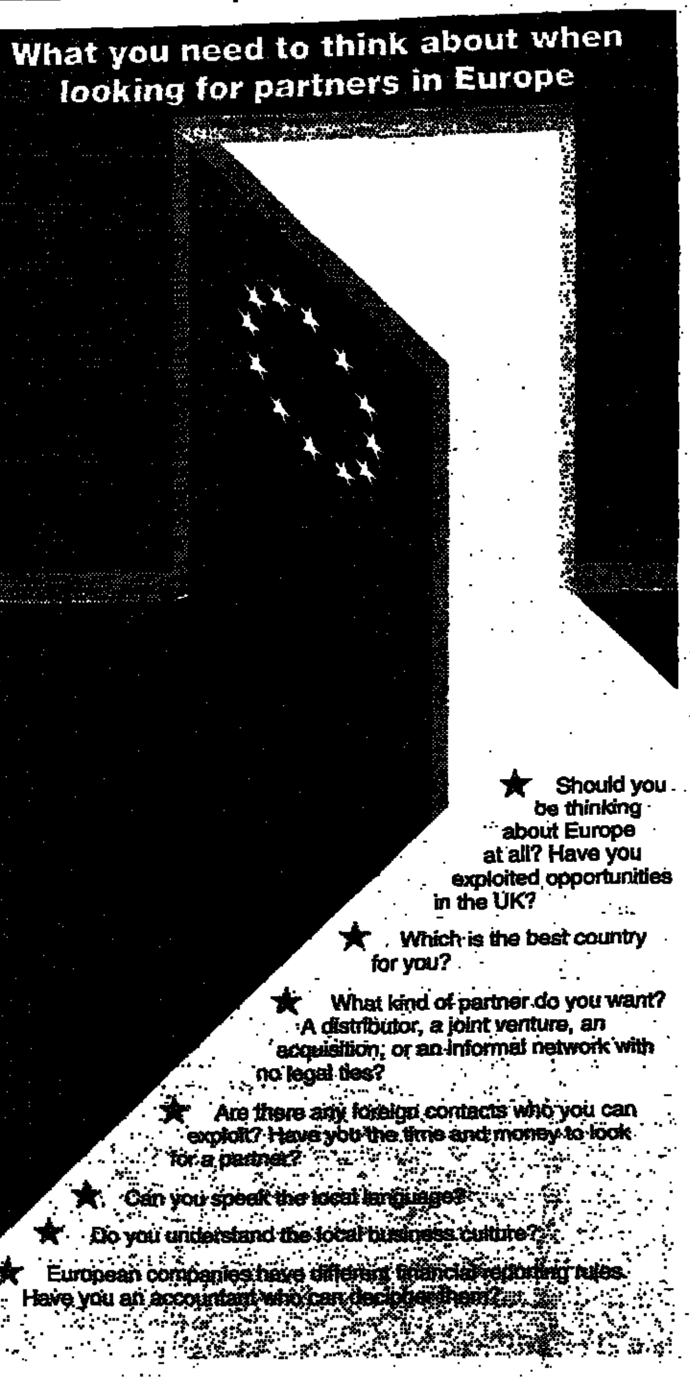
However, there have been direct benefits too. The partnership has cross-referred clients successfully. Recently, PCAI's French company, Groupe IPC, introduced its Orangina account to Clarke Hooper's US arm, Joseph Potocki & Associates.

The benefits of forming partnerships are not only commercial. In retrospect, Mackay realises that he and Lecoeur had worked together for so many years that they had started to think like an old married couple.

"By bringing in the French partners, we had to re-assess our creative stance and ideas. They continually questioned what we were doing. It's been tremendously stimulating," he says.

There is, however, a downside to finding European partners – not least in time and money.

"It took us twice as long as we expected to find a partner and get things running," says Mackay. Crabtree Hall also spent about £12,000 on legal fees setting up the EEIG.



Discipline is also needed to maintain the relationship. "We meet once a month and that's quite hard when you're very busy," says Mackay.

"It's tempting to let things drift and say you haven't got time to see one another."

Staff at Crabtree Hall have also had to adjust to a French business culture, where potential new clients have to be courted far harder than in the UK. That involves more meetings prior to drawing up a contract.

French clients' approach to the design process is also different. "The French are much more philosophical and the design solution, especially in graphic design, is often esoteric," says Mackay. "UK clients, in comparison, are far more hard-nosed and practical."

Despite the difficulties of building a new business relationship, Mackay says the benefits of having a partner far outweigh the downside.

"It's changed our attitude. As a combined group we're larger, have a huge breadth of work and greater capability.

"We're much more confident now about selling our skills."

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BUSINESSES FOR SALE

Touche Ross

Agate Group Limited
(In Administrative Receivership)

Lindsay Kennedy Denney and John Wilson, Joint Administrative Receivers, offer for sale the assets and undertaking of the above company.

- Based near Alfreton in the East Midlands.
- Access to motorway network.
- Leasehold Head Office premises comprises:
  - Office accommodation – approx. 6,500 sq. ft.
  - Joiners shop – approx. 5,000 sq. ft.
  - Plant workshop – approx. 2,000 sq. ft.
  - Whole site approximately 1.4 acres.
- 18.2 acres Freehold Industrial Development land on 2 sites in East Midlands plus one Industrial Unit – 4,166 sq. ft.
- Four current contracts.
- Prestigious customer base.
- Last recorded turnover £9.5m.

For further particulars please contact Lindsay Denney, the Joint Administrative Receiver, or Dian Wardle at the address below.

1 Woodborough Road, Nottingham NG1 3FG.
Tel: 0602 500511. Fax: 0602 590979.

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The Joint Administrative Receivers, offer for sale the business and assets of this well established plumbers' merchant based in Barnstaple, Devon.

Principal features of the business include:

- turnover approximately £2 million per annum
- modern purpose-built retail unit on sought-after industrial estate
- wide customer base
- business established in 1976
- 25% of sales to retail market
- fleet of vehicles with distinctive livery

For further information please contact Alistair Grove or Andrew Beckingham, at Cork Gully, Midland House, Notte Street, Plymouth PL1 2EJ. Telephone: 0752 666888. Fax: 0752 604108.

Cork Gully

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Dual (Midlands) Limited

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The business, based in Small Heath, Birmingham, has been established for many years and specialises in the design, supply and fabrication of aluminium and alloy for the construction industry.

Principal features include:

- Modern cutting and bending machines and ancilliary equipment.
- Attractive long leasehold property situated in a new business park.
- Turnover of approximately £1 million.
- Goodwill and know-how.

For further information contact the Joint Administrative Receiver, Ann Davies, KPMG Peat Marwick, 2 Cornwall Street, Birmingham B3 2DL. Tel: 021 233 1666. Fax: 021 233 4390.

KPMG Corporate Recovery

Bellwood Park Plc

The Joint Administrative Receivers offer for sale the business and assets of Bellwood Park PLC, a new manufacturing company producing disposable babies' bibs.

Principal features include:

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- Fully automated plant which could be relocated.
- Blue chip cutomer base.

For further information contact the Joint Administrative Receiver, Tony Richmond, KPMG Peat Marwick, 1 The Embankment, Neville Street, Leeds LS1 4DW. Tel: 0532 313000. Fax: 0532 313183.

KPMG Corporate Recovery

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Price Waterhouse
Corporate Finance

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The Joint LPA Receivers CJW Hill and WI Kelly offer for sale on a going concern basis the business and assets of the Westcliff Hotel, the only 3 star commercial hotel and function venue in the area. Key features include:

- *49 en suite bedrooms*
- *2 function suites, 2 bars and 60 cover restaurant*
- *5 staff bedrooms and management offices*
- *Prominent position facing estuary*

Offers are invited for the freehold.

For further details contact John Sheppard of the Receivers' agents, Robert Barry & Co, 7 Upper Grosvenor Street, Mayfair, London W1X 9PA. Tel: 071-491 3026. Fax: 071-629 9373.

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Prime Retail Site
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(In Receivership)

This long established motor dealer situated in Central Scotland is offered for sale.

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For further details please contact the Joint Receivers: Jonathan Birch or Donald McGruther, Grant Thornton, 1-4 Atholl Crescent, Edinburgh EH3 8LQ
Telephone: 031 229 9181
Facsimile: 031 229 4560

Grant Thornton

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Ruscador Shipyard Limited
(In Administrative Receivership)

The Joint Administrative Receivers offer for sale as a going concern the business and assets of the above company. The company is a long established ship repairer which operates from a private dry dock on the River Humber and has recently manufactured large specialist river cruisers.

- *Freehold premises in Hull comprising a dry dock, machine shop and offices*
- *Turnover in the year ended 31 December 1991 £3.1 million*
- *Highly skilled workforce with expertise in specialist ship building*

For further details please contact William Tacon, Ernst & Young, PO Box 3, Lowgate House, Lowgate, Hull HU1 1JJ.
Telephone: 0482 25531. Fax: 0482 20284.

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

Tempest Diesels Limited
(In Administrative Receivership)

The Joint Administrative Receivers of Tempest Diesels Limited offer for sale as a going concern its business and assets. The company is a long established power application engineer with marine, industrial and military customers.

- *Operates from leasehold premises in Stamford, Lincolnshire*
- *Turnover of some £2 million in the year ended 31 December 1991*
- *Over 80% of sales are to overseas customers*
- *Capability to undertake significant contracts*

For further information please contact Chris Hill, Ernst & Young, Compass House, 80 Newmarket Road, Cambridge CB5 8DZ. Telephone: 0223 461200. Fax: 0223 324609.

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Gilchrist Studios Limited
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The Joint Administrative Receivers offer for sale the business and assets of Gilchrist Studios Limited.

- *Operator of a pre-press photographic business*
- *Leasehold premises situated at 6/10 Kirby Street, London EC1*
- *Established in 1930's*
- *Unaudited turnover for 12 months ended March 1992 of £2,300,000*

All enquiries to Joint Administrative Receivers of Gilchrist Studios Limited, Ernst & Young, Becket House, 1 Lambeth Palace Road, London SE1 7EU. Tel: 071-931 3126 or 931 3821. Fax: 071-928 0425.

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Ph: 010/353/45/31402

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AUCTIONS

COURT OF CAGLIARI: (SARDINIA/ITALY)
NOTICE OF AUCTION

Execution No. 45/88 versus EDISAC Immobiliare Srl. On 25th June, 1992, at 11:30 am the auction sale of the building described herewith will take place:

Tourist complex in Villasimius, Capo Boi, consisting of 40 accommodation units with various appurtenances, registered at the Land Registry Office under F 19 maps 33, 35, 10, 32/B, 69/S, 69/L, 691/8.

Base price: Lit. 6,500,000,000
Minimum progressive bid: Lit 100,000,000

Deposit and fees: 30% of base price to the Court's office by 22nd June, 1992, at 1:00 pm.

Residual amount to be paid within 30 days from adjudication in compliance with the Consolidation Act regulations on mortgage credit.

Director's Court
E. Meneguzzi

COURT OF CAGLIARI: (SARDINIA/ITALY)
NOTICE OF AUCTION

Execution No. 71/89 versus SUIZO SARDA Spa with main office in Cagliari.

On 25th June, 1992, at 11:30 a.m. the auction sale of the building described herewith will take place:

Hotel complex named Hotel Capo Boi, registered at the Land Registry Office under F 19 maps 31/a, 32/a, 34, 50, 51, 68/a, 691/2 and 101; subject to amnesty charges.

Base price: Lit. 28,000,000,000
Minimum progressive bid: Lit. 4,000,000,000

Deposit and fees: 30% of base price to the Court's office by 22nd June, 1992, at 1:00 p.m.

Residual amount to be paid within 30 days from adjudication in compliance with the Consolidation Act regulations on mortgage credit.

DIRECTOR'S COURT
E. MENEGUZZI

THE WEEK IN LUXEMBOURG

Greek car taxes are ruled to be illegal

EUROPEAN COURT

Greek rules for the calculation of a consumption tax on cars, which vary depending on whether the cars are imported or domestically produced, are in breach of EC Treaty rules against discriminatory internal taxes, the European Court of Justice ruled last week.

The Treaty rules prohibit member state from imposing internal taxation on products imported from other Community countries in excess of the tax imposed on similar domestic products.

Greece first introduced legislation for a consumption tax on cars in 1976. The legislation, which was added to in 1979 and 1986, calculated the base price on which imported cars were taxed by taking the wholesale price of the car in its country of production, together with the price of optional extras. These prices were increased by 21 per cent for cars purchased directly from the foreign car producer and by 23.2 per cent for cars purchased from a foreign distributor.

These prices were further increased by 7 per cent to take insurance and import costs into account. By contrast, cars made in Greece were taxed simply on the base of their ex-factory price.

The Greek government argued that, in Greece, the car industry was not very developed and that car producers there were used to selling their products directly to the consumer without using distributors or agents. Because of this, the producer's "wholesale" prices included marketing costs which were normally included at the retail sales level.

In order to create a level playing field between domestic and imported cars, it was necessary to increase the base price on which the tax would be paid to take account of the marketing costs which would be incurred by the importer.

The Greek government also explained that the system was aimed at limiting the possibilities for the deliberate and fraudulent under-valuation of imported cars.

The ECJ reiterated its earlier jurisprudence, stating that the Treaty provisions were breached if there was any disparity in the method by which the tax was calculated for imported and domestic products, even if this only led to a higher tax being imposed on the imported product in a minority of cases.

To be compatible with the Rome Treaty, the measures in question had to exclude all risk of discrimination. The burden of showing that the legislation had no discriminatory effect lay on the Greek government.

The Rome Treaty's ban on discriminatory internal taxation has been applied by the Court to car tax systems in several member states and many other economic areas. Companies doing business in other Community countries should always check that they were not victims of similar discrimination under national indirect taxation regimes.

Commission of the European Communities v Greece, Case C-327/90, FC, 12 May 1992.

Opinions and Oral Hearings

The Court did not hand down any other judgments despite a busy week. Nine opinions from the Court's six Advocates-General were delivered and the Court held 10 oral hearings.

One important opinion delivered last week concerned the equal treatment of men and women in the UK in national insurance contributions. The Advocate-General considered that the fact that men in the UK have to pay national insurance contributions for longer than women was not contrary to EC law.

Given the anxiety in the pension industry following recent judgments from the ECJ, notably the *Barber* case, the judgment in the present case will be eagerly awaited.

Case C-9/91 The Queen ex parte The Equal Opportunities Commission v Secretary of State for Social Security, 12 May 1992.

(The role of an Advocate-General of the ECJ is best described by stating what it is not. The Advocate-General is neither a first instance judge nor an *amicus curiae* and the opinion delivered by the Advocate-General is not a preliminary ruling.

The Rome Treaty provides that the duty of the Advocate-General is to act with complete impartiality and independence in making reasoned submissions in open court, in order to assist the Court in reaching its judgments.

The Advocates-General, who enjoy equal status to the judges of the Court, are not bound by the collegiate approach of the Court. Their opinions can be wide-ranging and generally contain a summary of the facts of the particular case, the relevant law, the parties' submissions and an opinion on the legal issues raised.

Before he delivers his opinion, the Advocate-General will have listened to, and may have questioned the parties at the oral hearing. The opinion is not binding on the Court, but is frequently followed.)

The Court recently held an oral hearing which may require it to decide a dispute between the UK government and the government of Gibraltar as to whether Gibraltar has power to bring proceedings in the ECJ.

The case is concerned with whether Gibraltar is excluded from the 1989 Council Directive on inter-regional air services.

The hearing concerned the admissibility of Gibraltar's application. The case has important implications for the UK and Spanish governments.

Case C-298/89 Government of Gibraltar v Council of the European Communities, 6 May 1992.

BRICK COURT CHAMBERS, BRUSSELS.

FT Law Reports

Following the introduction of the European Court column, *FT law reports now appear on* Wednesdays, Thursdays and Fridays. Next week, the European Court column will appear on Wednesday May 27 because of the UK bank holiday.

SOUTH AFRICA 1992

The FT proposes to publish this survey on

June 6 1992.

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FT SURVEYS

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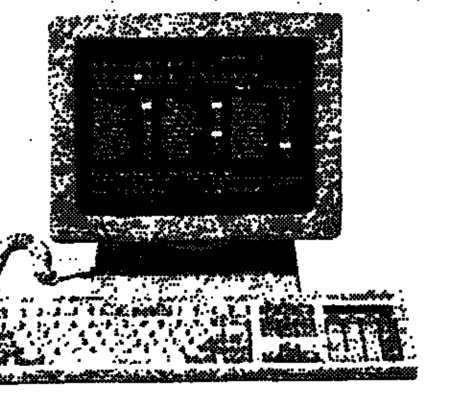

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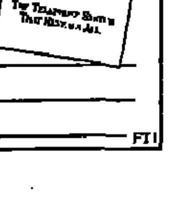

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PEOPLE

Stock Exchange loses Hogarth

Peter Hogarth, managing director of the trading markets division of the London Stock Exchange, is resigning at the end of the month, thus furnishing further evidence of disarray at the top of the exchange.

Peter Rawlins, chief executive, hired Hogarth, then chief executive of Société Générale Strauss Turnbull, last March. Hogarth had previously spent 21 years with accountants Peat Marwick.

The exchange maintains that 41-year-old Hogarth is departing not much earlier than planned, having completed his remit in the areas of broad markets strategy, and information and technical services. In truth, the exchange's customers have certainly yet to see the fruits of much of this work.

And just last month Rawlins, an ex-Arthur Andersen man, contracted out the information technology operations to Andersen Consulting for the next five years, effectively sidelining Hogarth. Meanwhile, staff turnover at the exchange has been high, including in Hogarth's division.

Hogarth is not being replaced directly – completing the collapse of the management structure set up by Rawlins whereby the exchange was carved up into three separate businesses, each with its own managing director and board. Christine Dann, who has been running the primary markets division since the beginning of last year, also assumes responsibility for information services.

Approval for Nikko's Gemm

As the body responsible for organising the government's bond market borrowings, the Bank of England still sees the gilts market as sacred territory. It will go to considerable lengths to ensure an orderly market, including keeping an eye on the staffing of gilt-edged market-makers, or GEMMs.

Yesterday, Nikko Securities, the fourth largest Japanese securities house, completed a delicate approval process to become the 20th GEMM.

Nikko is not the first Japanese firm to stake out a pitch. Nomura and Daiwa joined in 1988.

The firm appears to have taken a very Japanese, consensual attitude in assembling a team of gilts traders – no team hirings or high-profile poaching from other market markers. "We didn't want to put any noses out of joint," says Philip Busfield, head of sales and trading.

Busfield himself joined from Credit Suisse First Boston, the US investment bank; Peter Gibbens, senior trader, joins from Bankers Trust; other staff come from Goldman Sachs, Midland Montagu, Kleinwort Benson, Credit Lyonnais and Seccombe Marshall.

However, seasoned gilts market participants have a different explanation for the diversity of Nikko's recruitment: the Old Lady still regards team poaching as ungentlemanly conduct, and can make the approval process as arduous as it chooses.

Non-executive directors

■ THORN EMI, the music and electrical rentals group, has appointed Harald Einsmann, president of Procter & Gamble in Europe, the Middle East and Africa, as a non-executive director.

Einsmann, a German national, is the first member of the board from the continent. Thorn has substantial operations in continental Europe and felt it would be helpful to have someone on the board with extensive marketing and management experience there. The group already has one Canadian and one US member on its board.

Einsmann, 58, joined Procter & Gamble in 1961 and became group vice president for Europe in 1984.He is responsible for P&G's operations in 28 countries including the UK and is based in Brussels.

■ Dame Anne Mueller, who retired as second permanent secretary at the Treasury in 1990, at SEDGWICK LLOYD'S UNDERWRITING AGENTS.

■ David Galway at ALEXANDERS HOLDINGS.

■ Kenneth Bridgman has retired from RENTOKIL.

■ Alastair McCorquodale has retired from GUARDIAN ROYAL EXCHANGE.

■ Teruo Kato, previously senior manager (project co-ordination) at The Nippon Credit Bank, at SINCLAIR GOLDSMITH HOLDINGS.

■ Brian Bellhouse, head of Oxford University's medical engineering unit, has resigned from HAEMOCELL.

■ Ewart Boddington and Christopher Eugster have retired from The BODDINGTON Group.

■ Sir Jeremy Black (right), who retired as commander-in-chief Naval Home Command last year, and is chairman of the Whitbread Round the World Race Committee, as chairman of REMY & ASSOCIATES (UK).

■ David Trippier MP (below left) at ST MODWEN PROPERTIES.

Sharing in a 'significant movement' for the private investor

David Senior and Pam Mapes are the latest recruits to ProShare and the cause of "trumpeting the private investor".

Senior, who is 33, arrives from ICI, where he had latterly been group marketing and advertising manager involved among other things in the World Class campaign. He says he left ICI, where he had been since university, because he found "an exciting opportunity to be in at the inception of what I hope will be quite a significant movement".

ProShare, launched in February as an outgrowth of the Wider Share Ownership Council, is out to promote "wider and deeper share ownership" with the help of the likes of chairman Sir Peter Thompson – famed for making the lorry drivers rich in the NFC buyout – president Sir John Harvey-Jones, and ex-Tootal boss Geoffrey Maddrell as chief executive.

Senior comes in as director of company services where a big part of his job will be to promote better employee share ownership schemes at a wider cross-section of companies. He will also be encouraging UK firms to service the private investor more effectively – using simpler language – at a reasonable cost.

Meanwhile Pam Mapes, 39, becomes director of education at the group which Maddrell has called "a sort of Automobile Association for the private investor". She will be spreading the message to teachers, college lecturers, adult education course directors and the like. She was until 1990 head of marketing communications at the stock exchange, marketing information products such as Topic and Seaq.

MADRID JUNE FAIRS AND EXHIBITIONS

2–5 LOGITRANS International Logistics Trade Show: Warehousing, Maintenance, Transport and Distribution Services and Equipment.

TEM International Municipal Services and Equipment Exhibition.

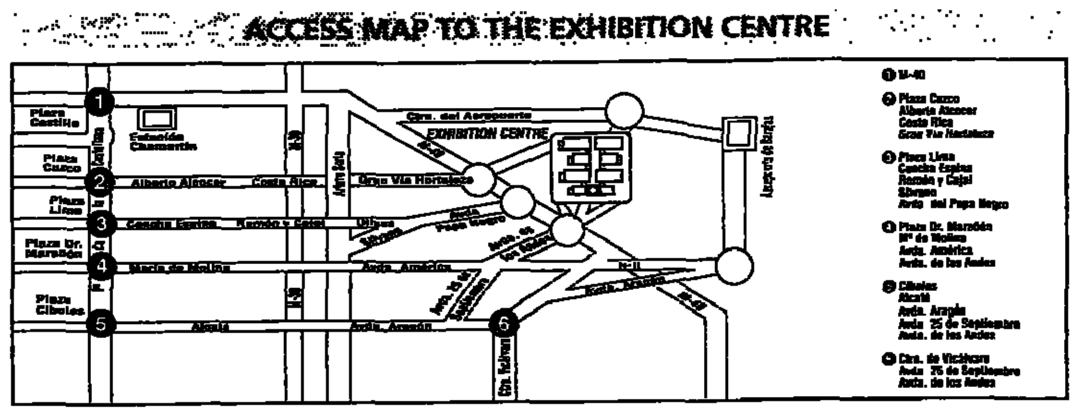
4–7 EXPODENTAL Dental Supplies, Services and Equipment Show.

TRAFIC International Road Safety Exhibition.

13–21 FERIA NACIONAL ALMONEDA National Broncanteurs Fair.

24–27 Liber'92 International Book Fair.

ACCESS MAP TO THE EXHIBITION CENTRE



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TECHNOLOGY

The pharmaceutical industry is making startling advances in drug discovery. **Paul Abrahams** begins a series by looking at progress in ulcer treatment

Gambling on a gut reaction

Leading gastro-enterologists gathered in San Francisco last week to discuss the significance of a single bacterium. The outcome of that debate will shape the drugs industry's most valuable market – for peptic ulcer medication – worth more than $7bn (£3.9bn) a year.

The bacterium in question is helicobacter pylori (HP). Some specialists believe the bacterium plays a vital role in the recurrence of stomach and duodenal ulcers – nearly 80 per cent of patients whose ulcers are healed subsequently have a relapse. The specialists argue that by eradicating the bacterium in the stomach the risk of a recurrence is also eliminated.

The impact of a successful HP cure on the ulcer drugs market could be striking. Nearly half the prescriptions for the leading class of ulcer drugs – known as H2-antagonists – are for maintenance therapy to prevent relapses. Sales of the two leading H2-antagonists, Glaxo's Zantac and SmithKline Beecham's Tagamet, totalled more than $4bn last year.

"If an acceptable method of eradicating HP can be found, it will profoundly change the long-term management of peptic ulcer disease," argues Anders Vedin, president of Astra Hässle, the gastro-intestinal research division of Astra, the Swedish pharmaceuticals group that sells an alternative therapy.

'If an acceptable method of eradicating HP can be found, it will profoundly change the long-term management of peptic ulcer disease'

"By eradicating HP, you would eliminate the maintenance market for the H2-antagonists, leading to significant savings in healthcare costs," he maintains. It would also give relief to the 15 per cent of the population affected by peptic ulcers at some time in their lives.

Peptic ulcers are caused when there is an imbalance between the aggressive qualities of the stomach acid used to break down food and the defensive mechanism of the stomach lining. The hydrochloric acid starts digesting the meat of the stomach lining – a painful and potentially dangerous condition.

The reasons for that imbalance are unknown. Diet, alcohol consumption and smoking may have some effect. Stress may be a factor too. Doctors know that between 10 and 20 per cent of patients taking non-steroidal anti-inflammatory drugs to treat arthritis develop ulcers within a month.

However, specialists are increasingly focusing their attention on HP, which is found in about 90 per cent of patients with duodenal ulcers and between 70 and 80 per cent of those with peptic ulcers.

The problem is establishing a causal link between HP and ulcers, says John Wood, director of medical affairs for group research at Glaxo, the UK pharmaceutical company that markets the world's best-selling drug, the H2-antagonist Zantac. A large proportion of the population is infected by the bacterium, but fails to develop ulcers. He believes HP is one factor among many.

Presently there are three main methods of dealing with peptic ulcers. Historically, the most widespread treatment was anti-acid, such as milk of magnesia, which counteracted the acidity in the stomach. In the event of severe complications, patients required surgery, an expensive and potentially dangerous procedure.

During the early 1980s, such traditional methods were largely abandoned thanks to the development of a new class of drugs known as H2-antagonists. These work by reducing the amount of acid produced by the stomach lining. The cells responsible for secreting acid are naturally triggered by histamine released in the stomach. The H2-antagonists act by blocking the action of the histamine on the acid-secreting cells.

Once the ulcer is healed, H2-antagonists are also used to prevent relapses. One study has shown that only 7 per cent of patients taking Zantac have a recurrence of duodenal ulcers within the first year, compared with 49 per cent of those who stopped taking the treatment. Glaxo reckons that about 80 per cent of patients with healed ulcers have a relapse if they do not take any maintenance therapy.

More recently a third class of treatment, know as proton pump inhibitors, has been developed. The best-selling version, Losec, is marketed by Astra of Sweden. The drug works by controlling the final step of acid secretion, blocking the

action of the tiny acid pumps in the stomach wall. This reduces the acid levels in the stomach and creates a suitable environment for healing.

Once healed, patients are normally prescribed an H2-antagonist to prevent a recurrence. This is usually for two years, but may have to be continued for life – an expensive process.

So the attention of gastro-enterologists is now turning to the eradication of the HP bacterium and the possible eventual end of such long-term maintenance therapy.

Specialists are unsure why there might be a relationship between HP and recurrent ulcers. According to Vedin at Astra: "There appears to be certain biochemical similarities between the HP organism and proteins in the gastric lining, and that leads to damage. We know there is an effect, but it's only now emerging how that might occur."

At present, three different drugs are required to eliminate HP. The treatment involves taking as many as 25 tablets at five different times a day for up to four weeks. Patients have an understandable tendency not to follow the regime properly. There are also problems with bacterial resistance to the acid-resistant antibiotic involved in the treatment. Such drugs are normally only administered in hospitals for patients who frequently relapse.

The race is on to develop an easily administered treatment that would replace the existing triple therapy and could be prescribed by general practitioners. Takeda of Japan and Astra are separately conducting trials using proton pump inhibitors and antibiotics such as amoxycillin. Astra believes the reduction in acid levels achieved by the inhibitor allows the amoxycillin to work more effectively.

Studies presented at the American Gastro-enterological Association's annual conference last week showed that Astra may have come up with an answer to the HP problem.

The studies demonstrated that Losec, together with amoxycillin, eradicated HP in as many as 80 per cent of duodenal ulcer patients, and of these all remained ulcer-free 12 months after the treatment. Specialists are now experimenting to work out the most effective dosage. Some preliminary work is also being done on gastric ulcers which are rarer than duodenal.

Glaxo meanwhile is also developing a Zantac-based treatment for HP called ranitidine bismuth citrate, which would coat the ulcer and protect it from further injury.

Astra admits there will always be a need for maintenance therapy. Even the new HP therapies do not work in all patients and H2-antagonists will also have to be used for patients on ulcer-forming, non-steroidal anti-inflammatory drugs.

However, the increasing preference of doctors for proton-pump inhibitors for the initial treatment of ulcers is already hitting sales of the H2-antagonists. Losec has already won 45 per cent of the acid-inhibitor market in Sweden and 24 per cent in Germany. It has further to go in the UK and US where it was only initially given limited approval – the drug accounts for only 13 per cent and 8 per cent in those markets.

The impact of an effective cure for HP is likely to accelerate the trend against the H2-antagonists. John Calam, senior lecturer in gastro-enterology at Hammersmith Hospital, London, reckons it could take less than three years for general practitioners to change their prescribing habits.

Others believe the natural conservatism of general practitioners will slow the change. Vedin estimates it could take more than five years for the market to alter fundamentally.

However, it looks as though a new HP therapy might not only cure the disease, it may also cure the maintenance market out of existence.

The series will continue next month by looking at mind drugs.

Technically Speaking

The mistakes of three blind mice

By Julian Burke and Sandy Thomas

RESEARCH on Alzheimer's disease, the most frequent form of senile dementia, has suffered a serious setback. Scientific error – and possibly fraud – have cast doubt on the validity of animal models used to investigate the disease.

This is unwelcome news for the biotechnology and drug companies which have raised hundreds of millions of dollars to develop new treatments for Alzheimer's and other neurological disorders.

Alzheimer's, which affects as many as 20 per cent of Americans over the age of 70, has a severe, degenerative effect on the nervous system. It results in a debilitating loss of memory, judgment and emotional stability.

What is the cause of Alzheimer's? Observations in the 1970s suggested that environmental factors – and aluminium in particular – might be responsible. This trail originated from data relating to a small group of kidney dialysis patients who had acquired temporary dementia. Although their brains contained unusually high levels of aluminium, this is now known to have been caused by concentrated aluminium salts in the dialysis fluid.

Instead, the immediate physical cause of Alzheimer's has been tracked down to a protein called beta-amyloid which accumulates in the patient's brain. Brain biopsies taken from Alzheimer's patients show characteristic accumulations of amyloid protein, known as plaques. Evidence that these are associated with Alzheimer's comes from experiments in which laboratory animals lost learning ability after injection with synthetic protein.

Amyloid – a protein whose normal function is not known – accumulates slowly in most human brains as they get older. But why does it build up in some individuals to such a degree as to cause Alzheimer's? Inherited genetic characteristics are one likely explanation.

Genetic mapping shows that, for some families, the gene responsible is on chromosome 21. Last year a family with inherited Alzheimer's was found to be carrying a mutation in the gene for beta-amyloid protein, providing evidence for a direct correlation between the gene and Alzheimer's.

This discovery led to the development of three animal models for Alzheimer's, in which the normal human gene for amyloid protein is inserted into mice. The animals then accumulate plaque proteins in the brain and ultimately develop Alzheimer's symptoms. Unfortunately it now appears that two models are no longer valid, despite their initial promise.

A US group from Miles Research in Connecticut first reported transgenic mice showing Alzheimer's pathology. However, this report has now been withdrawn as an honest scientific error.

Then a second US group reported that over-expression of the amyloid gene gave rise to plaques similar to those in Alzheimer's patients. But this report has been retracted because the results cannot be reproduced. There is also doubt over whether the brain sections shown in the paper are from the model mice.

From the three transgenic models, only one still seems to stand up. This is a model produced by California Biotechnology and Daiichi Pharmaceutical of Japan, in which amyloid deposits have been observed in 10 different animals from three different genetic lines. However, it is too early to say whether or not these mice develop age-dependent symptoms and other features characteristic of human Alzheimer's disease.

The controversy highlights the essential role played by mouse models in developing and testing compounds to treat Alzheimer's. The studies cannot be done on Alzheimer's patients themselves, and monkeys are too scarce to use routinely for this research.

Despite the competitive pressures, however, researchers must be less hasty in publishing their results. Premature publication damages the reputation of those responsible and leads other scientists in the field to waste an incalculable amount of time and effort.

The authors work at the University of Sussex.

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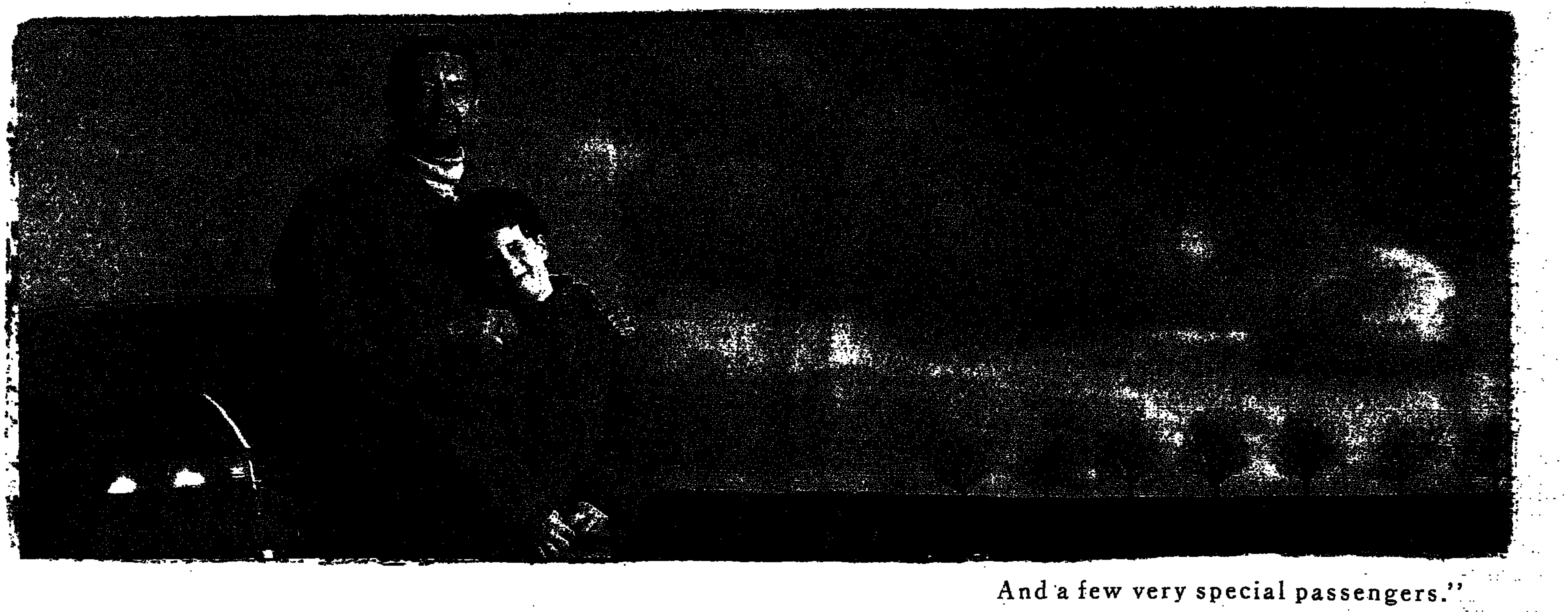

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NORBER EHMER
(SHOWN WITH HIS DAUGHTER KATRIN)
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Fine art/William Packer

Landscapes wild, rural and grand

Contrary to the impression given by the evident fatuity of so much that calls itself modern art, there really is a great deal of serious and creditable painting still be done and shown, not in the Tate, perhaps, but openly in the galleries.

Maurice Cockrill is now 55, a painter of long-delayed but now burgeoning reputation, and deservedly so. He was always an expressionist and figurative painter when to be so was to put oneself quite beyond the critical pale. But a move to London from Liverpool ten years ago has brought a change of fortune. but it With these new works, and with the tondo sequence of The Four Seasons especially, he seems to have entered not a new phase of development exactly, so much as a period of renewed imaginative confidence and technical assurance. The surface is open, the paint free and active in the handling, the colour clean and strong, the work overall dramatic, theatrical in the best sense.

The subject is landscape for the most part, the landscape of romantic imagination and invention. My only reservation is that given such an approach, the tendency is always to simplify and formalise the particular element, even to decorate it arbitrarily. The closer the engagement, *sur le motif*, so rich and various is the reality that such necessities of pure invention simply fall away.

So it is with John Monks, whose takes as his subject the interior as a kind of still-life. The interior is grand rather than domestic, the space itself, defined by the bare walls and the door opening through to the space beyond, the actual preoccupation. Or it might be an empty and crumpled cardboard box, set on a table before an heavy gilt mirror, and again the immediate space opens up to the space beyond, albeit in mere reflection.

The composition is frontal, insistent in its repetition and reinforcement of the architecture, at once formal and descriptive. The paint is thick, laid on with a free but disciplined confidence, the tone dark, the mood intense and sombre, again theatrical. The suggestion, maybe unwitting, is to the Edwardian interiors of Sargent, or Lavery, of James Pryde most of all. And yet for all the strength and vigour, there is a subtlety and delicacy too, the atmosphere romantic and suggestive, intuitively established and fraught with imaginative possibilities. Monks, who shares this show with Julie Major, is barely 40 years old and and by no means as well known as he deserves to be.

'Sun Rising South Atlantic' by Len Tabner

Len Tabner is another landscape painter, another expressionist of 40 or so. He too set his early career away from London, and although by the late 1970s his wild Turnerian paintings of the North Sea and the Durham coast were attracting some attention in mixed shows, it is only lately that he been shown substantially and regularly in London. This latest exhibition comes by courtesy of Rosehaugh Stanhope, the developers of Broadgate.

The subject is still the shore, the sea and ships, and wild weather. In 1990 Tabner made a voyage to the South Atlantic, to Ascension, South Georgia and the Falklands, and this quite remarkable series of paintings and studies is the result, all done, so it would seem, there and then, on the spot – *perhaps even tied to* the mast on occasion, in true Turner fashion. Worked in an active mixture of paint, charcoal and pastel, these sunsets, storms at sea, cliffscapes and hulks rotting at the whaling station, all come in for the same expansive treatment – as free and expansive as we suppose the South Atlantic itself, and quite as positive and impressive.

Mary Newcomb, who makes up a rural trio with Mary Potter and Winifred Nicholson, might seem a world away from such strong stuff, but yet these latest landscapes, lyrical and undemonstrative as they are, bear the Turnerian comparison no less. Now nearly 70, Miss *Newcomb has never received* her manifest due, perhaps by that very English trait that indulges a taste for charm while discounting it as unserious and self-indulgent.

She is, in short, a victim of her material, found in the incidents and visual occasions of rural life, and the subtle delicacy with which she treats them. What is overlooked is the free and radical qualities both of her pictorial wit and invention, and the freedom and scope of her actual painting. In such things as the large, elegiac canvas of a bird singing in a hedge at dawn, such qualities are inescapeable.

Finally, Bruce Tippett, in his first British show in more than 30 years, offers a small retrospective of his work in that time. Now nearly 60, he has consistently trod the narrow line between representation and abstraction, the landscapes always teasing the one way, the abstract works the other. The earliest works show a clear interest in the abstract expressionism and British neo-Romantic landscape then current, Hoffman on the one hand, Alan Reynolds or Middleditch on the other, but all moderated, even then, by an over-riding interest in the oriental tradition, in calligraphy in particular, that continues to this day. It is the nicest paradox that his most distinctive and personal work, western artist that he so clearly is, should be that which is steeped unself-consciously in that tradition.

Maurice Cockrill: **Bernard Jacobson, 14a Clifford Street W1, until June 13; John Monks: Paton Gallery, 2 Langley Court WC2, until June 6; Len Tabner: 199 Bishopsgate EC2 – view by appointment c/o Agnew's, 43 Old Bond Street; Mary Newcomb: Crane Kalman Gallery, 178 Brompton Road SW3, until June 14; Bruce Tippett: England & Co, 14 Needham Road W11, until May 30.**

Roland Petit in Rome

Roland Petit has always known that the theatre is a box of tricks. He has ever been a master of those tricks, a conjuror ready to pull some simple-seeming but astonishing feat from an empty sleeve. (In his very earliest success, *Les Forains* of 1945, Petit cast himself as a manager of a troupe of strolling players who was also a conjuror.) *Charlot danse avec nous*, which I saw last Tuesday at the Teatro Eliseo, is a fine example of Petit as a producer for whom revue, music-hall, cinema, ballet, are facets of the theatre he loves. It is a fantasy about Charlie Chaplin (from whom Petit once requested, and received, a libretto), with 20 scenes that are variations on the theme of Chaplin as clown and film-maker. In them Petit juggles ideas, styles, ingredients with entire mastery.

That said, I have to admit that I am one of those for whom Chaplin is rather less entertaining than bubonic plague. W.C. Fields – now *there* was a comic – dismissed Chaplin as *a ballet-dancer*, and his worst suspicions would be aroused by the present show, in which Chaplin is indeed a *dancer* (Luigi Bonino from Petit's Ballet National de Marseille). Yet Petit pulls off the trick of the homage/commentary with real verve, in an entertainment cleverly designed for touring. The stage is a black box, like the best conjuror's setting, into which minimal properties are introduced, and every hallowed feat of legerdemain is permitted.

With only six dancers – five men from the Ballet de Marseille; Elisabetta Terabust as guest – we are treated to quick changes, spaghetti eaten by strobe lighting, *ombres chinoises*, a snow-storm, captions as in the silent cinema, an "invisible" dresser from Noh drama, speeded-up Keystone Cops, scenes from *The Kid* and *The Gold Rush*, and the flickering agonies of early film melodrama. There is also an unabashed sentimentality which brings us a blind flower-girl, Chaplin's own sticky little melodies, and the tramp Charlie regularly down-trodden and achieving thereby a kind of immortality.

The evening has its uneven moments – Petit cannot escape the limitations of Chaplin as a screen hero – but Luigi Bonino has the physical resource and the unfailing timing that gives his portrait a theatrical edge. Terabust (who now directs the Rome Opera Ballet) is enchanting throughout: grandly serious when she needs to be in pas de deux; genuinely pathetic as the flower-girl; irresistibly stylish as The Kid – she has true physical wit – and as a saloon *floozie*. *Jean-Charles* Verchère, Laurent Dallbert, Thierry Hauswald and David Vincendeau are admirable in the myriad things they have to do.

Design is by Luisa Spinatelli, who helps Petit create a world through suggestions of scenery and properties. There is a problematic score, owed in part of Florenzo Carpi, who has produced an effective sound-track, with Chaplin's own egregiously sentimental tunes woven into its fabric. But to seek to assign a certain universality to Chaplin by accompanying his scenes with chunks of J.S. Bach is worrying, and less justifiable than the playing of the Bach Passacaglia for Petit's *Le Jeune Homme et la mort* all those years ago. Here the music dwarfs the character and the occasion. The evening is otherwise continuing proof of Roland Petit's vitality as a creator; if Chaplin is to be celebrated, then let it be with such verve and affection, and such loving theatricality.

Clement Crisp

The Petit quadruple bill at the Teatro dell'Opera, which preceded the Chaplin Show, had a much less enthusiastic reception, apart from *L'Arlésienne*, which pleased by virtue of Bizet's attractive and familiar score and also Raffaele Paganini's striking performance as the tortured young man of the Daudet story.

After a low-key opening with two extracts from the Soirée Debussy (with greater satisfaction supplied by the orchestra than by most of the dancers), the half-hour novelty arrived, *Valse Triste ou le retour des cygnes*, to a collage of music by Sibelius.

If this pas de quatre was not in general much liked, perhaps this was on account of a lack of clarity – a rare criticism to make of Petit. The flaw may lie in his source, a piece of rather convoluted prose by Pierre Combescot, last year's winner of the Prix Goncourt. The theme encompasses swans, Wagner, *Ludwig of Bavaria*, Elisabeth the Empress of Austria and the ill-fated couple of Mayerling fame, Mary Vetsera and Archduke Rudolf. What is *disconcerting is that on their* entry the four dancers (Dominique Khalfouni with Kader Belarbi in pale grey, and Elisabetta Terabust with Cyril Pierre, in Black) are meant to represent their characters, which they then abandon, according to the choreographer, in their formal solos, pas de deux, and so on, each dancing eventually with all the others.

The doom-laden atmosphere, the dim lighting and the sepulchral make-up – especially Terabust's and Belarbi's – call up a vision of graveyards, which is reinforced at the end when they all make their exit through a trap-door. It is also fostered by the music; Sibelius is hardly a favourite composer in France or Italy, but it seems the choice was Combescot's.

If in conception the work is an addition to the long list of Petit's love/death ballets, the absence of narrative transforms it into an interesting and inventive piece of pure classicism, which repays attention.

While all four dancers have abundant opportunity to display their considerable prowess and artistry, it is Khalfouni – above all for her solo to the inevitable *Swan of Tuonela* – who stays in the mind. If Petit's frequently announced remake of *Swan Lake* materialises, she will be a superb Odette.

Freda Pitt

Luigi Bonino as Charlot

Opera/William Weaver

'Don Carlo' in Genoa

Genoa's lovely opera neo-classical opera house, the Teatro Carlo Felice, was to a large extent destroyed by bombs in 1943. In 1946 the ensnarled discussion of its reconstruction began: competitions were announced, projects submitted, rejected, revised, bitterly debated. Bureaucratic and political – as well as aesthetic – dissension blocked all work until March of 1987. Meanwhile, the handsome ruins dominated the city's main square, a funereal, useless monument, while opera performances of varying merit were heard in a converted cinema.

Last year, perhaps spurred in part by the approaching Columbian celebrations, the work was finally completed; and this season, the Carlo Felice open again. The new house was designed by a trio of architects headed by the brilliant Aldo Rossi. Incorporating some of the remaining exterior of the old house, it is once more a focal point of Genoa. During the day, people stroll or meet under the elegant arcade. In the evening, if there is an opera or a concert, the theatre attracts the leading citizens of the Ligurian capital.

The season is fully subscribed, houses are regularly sold out. The interior (capacity 2000) has been much criticised; to emphasise the civic nature of the theatre, Rossi, in a sense, brought the outdoors into the hall, where doors and windows are to be seen in the walls, and a wooden railing runs along the gallery; but even Rossi's enemies have to admit that the acoustics are excellent, the sightlines perfect, and the seats comfortable. A between-acts drink at the bar does not involve much waiting. On fine evenings, the terraces overlooking the square receive a refreshing breeze from the nearby, but invisible sea. It is, in sum, a happy house, and people enjoy just being in it.

But what about the music? Arriving late on the scene, the general manager Francesco Ernani – imported from La Scala – had to use his wits to cobble up a programme; and, considering the lack of time and the tightness of his budget, he has served his public well: a Freni *Bohème*, a *Barber*, a *Carmen*, some visiting ballet troupes, foreign orchestras (including the Philadelphia with Muti, who appropriately conducted the Wagner "Columbus" Overture), and – currently – an interesting new production of Verdi's *Don Carlo*. A co-production, actually, conceived in conjunction with the Maryinsky Theater of St.Petersburg and the Tblisi Opera (responsible for the sets).

This was the four-act, Italian version of the opera, which Verdi prepared for La Scala in the early 1880's, at the time when he was first brooding over the suggested *Otello*. Verdi himself said that this redaction had "more sinew" than the original five-act French opera. Some things are lost in the revision – the love duet, Filippo's lament over the dead Rodrigo – but much is gained. The *Don Carlo*, as heard in Genoa, though far from brief still, has a unique urgency and tight coherence.

It is a dark opera, and the staging by Teimouraz Chaidze, along with the sets of Teimouraz Mourvanidze, accentuated the gloom. Basic structures, delicate black columns with gilt ornamentation, suggested Spanish baroque as if revisited by Viollet-le-Duc. Though they were easily moved, the sets still maintained a prison-like air, even when, beyond the bars, a fountain purled in the garden scene.

Sometimes Chaidze was over-inventive: a roving spotlight at the act's beginning seemed to be searching for a singer to illuminate (too much like what really happens in some of our opera houses); even more restless, a super dressed as Charles V was too often in evidence. He actually entered Filippo's cabinet and confronted him at the beginning of the great monologue.

For the rest, the direction was sober and inoffensive. The music was allowed to speak for itself. Originally, the conductor was to have been Valeri Gergeiev; but in the event, he was unable to reach Genoa, and the work was left in the hands of his colleague Alexander Anissimov, who had prepared the singers and conducted the rehearsals. Anissimov proved to be an excellent musician, supporting the singers without indulging them, setting the orchestra's pace, unhurried but fluent, from the tormented beginning to the mysterious finale. The Carlo Felice orchestra played well, promising even better in the future, as it settles into the hall.

Alberto Cupido was cast in the title role. An uneven singer at best, on opening night he was also indisposed and, after a rocky first act, he was replaced by the veteran Carlo Cossuta. The voice no longer has the ring and authority of former days, but Cossuta turned in a sturdy, acceptable performance. The young Roberto Frontali, a baritone obviously on the way to a notable career, was an appealing Rodrigo, of soldierly bearing and lyrical voice.

The bass Roberto Scandiuzzi is known to the London audience; he, too, is young, and his undisguisable youthfulness sometimes worked against his characterisation of Filippo, but vocally he was ever convincing and, in his monologue, deeply moving. Elizabeth Connell sang Elisabetta with warmth and authority; she moved regally, her gestures were expressive. Giovanna Casolla's Eboli had plenty of dash and allure. The Veil Song seemed to try her voice, but she brought it off with panache, and was impressive in the later trio and in the scene with Elisabetta.

All in all, this was a worthy *Don Carlo*, an occasion of interest, pleasure, and good omen.

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

AMSTERDAM

Concertgebouw 20.15 Martin Kamminga conducts Handel's oratorio Israel in Egypt. Tomorrow: cello recital by Julian Lloyd Webber. Thurs and Sat: Muhai Tang conducts the Netherlands Philharmonic (6718 345)
Muziektheater *20.00 Hartmut* Haenchen conducts Harry Kupfer's production of La Damnation de Faust, with Barry McCauley, Willard White and Marianne Rorholm, also Fri. Thurs, Sat and Sun: Dutch National Ballet (6255 455)

BARCELONA

Palau de la Musica 21.00 Libor Pesek conducts Royal Liverpool Philharmonic Orchestra and Choir in Mahler's Eighth Symphony. Thurs: Jessye Norman. Next Mon: Mstislav Rostropovich plays Bach (268 1000)
Teatre Fortuny 22.00 Igor Blashkov conducts Kiev Philharmonic Orchestra in works by Tchaikovsky, Rakhmaninov and Berlioz (977-315059)
Basilica de Sta Maria del Pi 21.00 Musicians of Swanne Alley in vocal music by Dowland and others (258 8907)
● *Other events this week* Include Paul McCartney's Liverpool Oratorio on Fri at Palau Sant Jordi (426 2089), Haydn's Creation on Sat at Teatre *Joventut (448 1210) and Luciano* Pavarotti in L'elisir d'amore at the Liceu on Sun, also May 27 and 30 (412 1466)

BERLIN

Philharmonie 20.00 Leonard Slatkin conducts Berlin Philharmonic Orchestra in Bernstein's Second Symphony and Dvorak's Seventh, also tomorrow. Thurs: Pinchas Zukerman (West Berlin 2548 8232)
Deutsche Oper 20.00 Andreas Schmidt sings Lieder by Hugo Wolf. Tomorrow: L'Italiana in Algeri (West Berlin 3410 249)

GENEVA

Victoria Hall 20.30 Didier Godel conducts the Société de Chant Sacré and the Orchestre du Collegium Academicum in choral works by Friedrich Gernsheim (1839-1916) and Milhaud. *Tomorrow: Armin Jordan* conducts Prokofiev's Second Piano Concerto (Jean-Francois Antonioli) and Beethoven's Sixth Symphony (311 2511)
Grand Théâtre 20.00 Jeffrey Tate conducts Kurt Josef Schlidknecht's production of Weill's Mahagonny, with Anne Howells, Marie McLaughlin and Warren Ellsworth. Also Thurs and Sat (311 2311)

GENOA

Teatro Carlo Felice 20.30 Valery Gergiev conducts Don Carlo, co-production with Kirov Opera, repeated on Fri and Sun *afternoon. Thurs: Riccardo Muti* conducts Philadelphia Orchestra (589329)

LONDON

Covent Garden 19.30 Mark Ermler conducts La bohème, with Angela Gheorghiu and Roberto Alagna, also Thurs. Tomorrow and Sat: *I Puritani. Sat: Salome (071-240* 1066)
Coliseum 19.30 Andrew Greenwood conducts Graham Vick's ENO production of Madama Butterfly, with Janice Cairns and Arthur Davies, also Fri. Tomorrow and Sat: Monteverdi's Ulysses (071-836 3161)
Barbican 19.45 Antonio de Almeida conducts RPO in works by Smetana, Sibelius, Bruch, Grieg and Dvořák. Thurs: Academy of St Martin in the Fields. Fri: Mark Wigglesworth conducts BBCSO. Next Tues: Dmitri Hvorostovsky (071-638 8891)

MADRID

Teatro Lirico La Zarzuela 21.00 Arturo Tamayo conducts Simon Suarez's production of Ravel's L'Heure Espagnole (with Claire Powell and Gabriel Bacquier) and Miguel Angel Coria's new opera Belisa. Repeated on Thurs and Sat (429 8225)
Auditorio Nacional de Musica 21.00 Guitar recital by Ricardo *Iznaola.* Fri, Sat, Sun: Xavier Guell conducts Spanish National Orchestra (337 0100)

NEW YORK

JAZZ
Blue Note Jazz Club and Restaurant This week's guest artists are Dr John and the New *Island Social and Pleasure Club.* Showtimes at 21.00 and 23.30 (475 8592)
CONCERTS/DANCE
Metropolitan Opera 20.00 American Ballet Theatre *in* Coppélia, daily till Sat (362 6000)
State Theater 20.00 NY City Ballet repertory, daily till Sun. Next week: NYCB Diamond Project (870 5570)
Avery Fisher Hall 19.30 Kurt Masur conducts New York Philharmonic in a programme *of concertos with orchestra* principals as soloists. Thurs, Fri, Sat and next Mon: Britten's War Requiem (875 5030)

PARIS

Théâtre de la Ville 20.30 La Princess de Milan, choreography by Karine Saporta, music by Michael Nyman, production from Centre Choreographique National de Caen. Daily till May 26 (4274 2277)
Opéra Bastille *19.30* Elektra with Gwyneth Jones and Leonie Rysanek. Runs till May 29, next performance on Fri (4001 1616)
Salle Pleyel 20.30 Erich Bergel conducts Ensemble Orchestral de Paris in works by Hindemith, Mendelssohn and Beethoven, with Salvatore Accardo violin soloist (4561 0630). Fri: Yuri Bashmet. Sat: Prokofiev's Ivan the Terrible (4563 0796)

STRASBOURG

Théâtre Municipal 20.00 Passionement, musical comedy by Messager, also tomorrow, Thurs and Fri. Sat in Salle Paul Bastide: song recital by Daniele Dinant (8875 4823). Tomorrow and Thurs in Palais de la Musique: Theodor Guschlbauer conducts Strasbourg *Philharmonic Orchestra*, with Sylvia Marcovici (8837 6777)
Théâtre National 20.30 Un Homme Pressé, Bernard Chartreux's play inspired by the Book of Job, in a production from Théâtre Nanterre Amandiers. Daily except Sun and Mon till May 30 (8835 4452)

TORONTO

Elgin Theatre 20.00 Canadian Opera Company presents world premiere of Harry Somers' new opera Mario and the Magician, based on the novella by Thomas Mann. Richard Bradshaw conducts, Robert Carsen directs, Michael Levine designs. Runs till May 30, next performances on Thurs and Sat (872 2262)

VIENNA

Staatsoper 18.30 Fabio Luisi conducts Don Carlo, with Placido Domingo, also Sun. Tomorrow: Queen of Spades (51444 2960)
Musikverein 19.30 Song recital by Hermann Prey. Tomorrow: Pinchas Zukerman (505 8190)
Konzerthaus 19.30 Alban Berg Quartet, with Elisabeth Leonskaja. Repeated tomorrow (712 1211)

WASHINGTON

CONCERTS/MUSICALS
Kennedy Center
● Mstislav Rostropovich conducts tonight's concert with the National Symphony Orchestra. Tomorrow: Nana Mouskouri. Thurs: NSO Pops. Fri and Sat: Stephen Simon *directs the Washington Chamber* Symphony (Concert Hall, 467 4600)
● Buddy: musical about Buddy Holly, daily except Mon till June 14 (Opera House, 467 4600).
● Once on this Island: a Caribbean musical tale of love, loss and redemption, transferred from Broadway. Opens on Fri, runs till June 27 (Eisenhower Theater, 467 4600).
THEATRE
● The Misanthrope: Molière's comedy, *till June 7 (Center Stage* at Pearlstone Theater 410-685 3200).
● The Visit: Dürrenmatt's play, runs till June 14 (Arena 554 9066).
JAZZ/CABARET
Blues Alley Jazz Supperclub This week's guest (tonight till Sun) is pianist Ahmad Jamal. Next *Mon: Blues Alley Youth Orchestra* (1073 Wisconsin Ave, in the alley, 337 4141)

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0830-0900 (Fri) FT Business Weekly

Sky News
0130-0200 (Mon), 2130-2200 (Thurs), 0530-0600 (Fri) FT Business Weekly

SATURDAY

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1900-1930 World Business This Week

Super Channel
1930-2000 FT Eastern Europe Report

SUNDAY

CNN
1030-1100, 1800-1830 World Business This Week

Super Channel
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Tuesday May 19 1992

Thai generals out of time

FOR THE PAST 25 years in Thailand, politics has not been allowed to get in the way of business. Few countries in Asia have rivalled its dedicated, if blinkered, pursuit of profitable development. For the past two and a half decades, the country's annual average increase in gross domestic product was close to 9 per cent, accelerating to an extraordinary 11.7 per cent from 1988-90. Thailand can claim to be the world's fastest growing economy.

There has inevitably been a price to pay, but just how big the bill would eventually be has not been the subject of intense internal debate. The latest political manoeuvring by the army and outbreaks of violence in Bangkok suggest that those assessments must assume greater urgency.

Thailand's problems stem, in common with other rapidly developing nations in Asia, from the unwillingness of the ruling élite to appreciate the enormous changes wrought in the economy and society since the mid-1960s. Traditionally, Thailand has been governed through the interaction of the monarchy, the military, civilian politicians and the higher ranks of the civil service. Disagreements between them, including military coups, were a matter of limited popular concern and did not interrupt economic development.

Politics transformed

The system worked while Thailand remained primarily a rural and agricultural nation. But the transformation of the economy into one dominated by manufacturing and services and centred on metropolitan Bangkok has also transformed politics. In February last year, the elected government headed by General Chatichai Choonhavan was removed from office by a military takeover led by General Suchinda Kraprayoon. Although there was international concern over the interruption to the democratic process, few tears were spilled over a government which, even by Thailand's immodest standards, had brought exceptional financial rewards to its leading members. General Suchinda promised that he had no political ambitions, arranged for elections, did not stand as a candidate, then found himself invited by the majority parties to become prime minister. His first cabinet included several of the men whose removal he had engineered a year earlier.

Such a cynical manipulation of the system might not have raised many eyebrows a couple of decades ago when communism threatened south-east Asia and the west's view of the region was dominated by domino theories. But today the too-long ignored HIV virus and the destruction of the environment both pose a far greater threat to the Thai people than Vietnam. The role of the army as the nation's protector has massively diminished but not, it seems, its perception of itself.

Emphatic message

That message is now being more emphatically brought home to the army by the people of Bangkok. In the March general election, the capital voted massively for the Palang Dharma party headed by another ex-general and former governor of Bangkok, Mr Chamlong Srimuang. The party took 32 of the 35 seats in the capital. Mr Chamlong is a devout Buddhist who refuses to countenance the purchase of votes as widely practised by other parties. As such, he is a distinctively new force in politics. His campaign against the non-elected General Suchinda's assumption of the premiership has been the catalyst of the present crisis.

The killing of demonstrators in Bangkok yesterday is not the background against which General Suchinda can hope to build an effective government. He initially offered to support an amendment of the constitution which would allow only an elected MP to become prime minister. But together with the main political parties General Suchinda has since backed away from the idea and the prime minister's stance has become more confrontational.

In the short-term, such tactics might allow General Suchinda to hold on to power. But he will have drawn the lines for a future confrontation that will be very much more serious. Thailand has reached the point of economic development where education, political awareness and a series of critical social issues demand greater popular participation. To pretend otherwise would be to put at risk what has been achieved in the past 30 years.

Privatisation plus for BR

IT IS a small step towards the privatisation of British Rail, but last week's introduction of privately-operated carriages on BR's night trains between London and Aberdeen is significant in at least two respects.

The obvious one is that this is the first time since the nationalisation of the railways in 1948 that a private company has been allowed to break BR's monopoly on the operation of regular passenger services.

But perhaps more important, it exposes the fallacy of the argument that privatisation necessarily implies reductions in railway services as private-sector companies trim back loss-making operations to a profitable core.

In this case, the reverse has happened. BR had been about to axe the seat-only carriages on its London-Aberdeen sleeper trains because not enough people were using them. Now, a private bus company called Stagecoach, convinced that it can fill the empty seats, is backing its hunch by investing £1m a year in taking over the operation of the carriages. Result: the provision of a rail service which, under state ownership, would have ceased to exist.

Sometime before parliament breaks up for the summer, this hesitant start should be followed by a white paper setting out the government's plans for stimulating private sector involvement in the railways on a far larger scale.

Details are still hazy, but the framework is clear. After months of embarrassing bickering in the run-up to the general election, ministers have at last settled on a cautious approach: a form of creeping denationalisation rather than any "big bang" break-up and sale of the network.

Franchised trains

Although the freight and parcels operations are to be sold off, along with the commercially attractive stations, the track network and all the passenger services will stay in BR's ownership. But private companies will be allowed to run their own trains on BR's tracks, and the operation of BR's passenger trains will gradually be franchised to the private sector. Eventually, those franchises may be converted to outright sales, reducing BR's role to that of a state-owned track authority.

Insofar as the first priority of privatisation should be to give Britons a better railway, this formula represents a triumph of sanity over dogma. BR is so vast, so complex, and above all, so unprofitable that any "big bang" break-up and sale of the railways would have been fraught with risks of chaos and possible cuts. It is by no means clear, in any case, that the government would have found any buyers.

Reduced risk

Under the current, less ambitious proposals, the risks are vastly reduced. The private sector has so far shown little enthusiasm for assuming the massive costs involved in the ownership and operation of track infrastructure. The government's decision to leave responsibility for the tracks with BR has resulted in private sector companies like Stagecoach exploring opportunities to provide new train services or to take over and improve existing ones.

Conceivably, the result might be that rail plays a far more prominent role in feeding the nation's insatiable demand for more and better transport, to the greater benefit of all. But if that desirable objective is to be achieved, one crucial condition will need to be satisfied: that the price charged to private sector operators for the use of the tracks is competitive with that charged to private sector users of the roads.

At present, the two modes are in disequilibrium because users of the railways have to pay for the use of the track infrastructure while roads are free at the point of use. The result is that rail can rarely compete with road on price.

If the rail privatisation process is to achieve its full potential, this disequilibrium must be redressed. Privatisation will never succeed if users of state-owned railway tracks endure charges while users of state-owned roads go free. The government must either face the need for a system of charging road users the full social costs of road use, perhaps through some kind of electronic pay-as-you-go system, or make the use of the railway tracks free. If it does neither, railway privatisation will be an opportunity missed.

Germany's social contract is intact despite a bruising pay round and unification costs, write **Quentin Peel** and **Christopher Parkes**

Partners pull back from the brink

The gasp of relief that reverberated across Germany yesterday morning was almost audible. Against all the odds, and literally at a few minutes to midnight, trade union leaders and employers in the mighty engineering industry stepped back from the brink of outright conflict and agreed a new pay deal.

Two days of painstaking, snail's pace negotiations, much of it behind closed doors between just two key negotiators, and for most of the time looking condemned to failure, brought an agreement for Germany's 4m engineering workers which both sides can present as a sensible compromise.

It is below 6 per cent, close enough to the 5.4 per cent awarded to public sector workers 10 days ago. It is also a 21-month deal, buying the employers sorely needed breathing space at a time of growing cost pressures and economic uncertainty.

Just when everything looked gloomy, after a bruising 11-day public sector strike, public squabbling within the ranks of the government, the economy slowing and the budget deficit bloated, and a worrying growth in support for the extreme right in the polls, Germany's famed social contract held intact and a deal was done. The Frankfurt stock exchange took the cue with a leap of 34.36 points (almost 2 per cent) in the DAX index.

The first good news for the German political and economic establishments in months coincided with a second apparent victory for good sense: the confidently predicted recommendation by the Ministry of Defence to pull out of the multi-national European Fighter Aircraft (EFA) project with Britain, Italy and Spain. Although the decision has yet to be finalised, it is taken for granted in a wave of virtual euphoria in the German press and much of the political establishment.

With the notable exception of Die Welt, the conservative daily newspaper, editorials across the country congratulated Mr Volker Rühe, the new defence minister, for cancelling the government's most glaring prestige project. They praised him for reaping a tangible "peace dividend" from the end of the Cold War, and giving an example on how to save money for the far more urgent reconstruction of east Germany.

The trouble with this double dose of good sense is that things may not be quite so simple. For German industry, at least, the events of the past two days contain both good and bad elements.

In the short term, the pay deal and the EFA decision may be good news: on the one hand a bloody strike has been avoided, and a relatively modest pay deal agreed. On the other, a headline-grabbing gesture has been made to prune government spending, and show prudence to the rest of the economy.

In the longer term, both developments are more worrying. The engineers' deal is still expensive, and it confirms an agreed cut in working hours next year from 37 to 36 hours a week – in a country where the working week is already the world's shortest. A decision to pull out of EFA will leave German industry on the sidelines in a crucial area of high technology, and seriously damage the country's reputation as a reliable international partner.

As far as the engineers' pay deal is concerned, the clear majority of commentators clearly believes it is good news. Gesamtmetall, the engineering employers' association, welcomed above all the duration of the deal. Mr Hans-Joachim Gottschol, the president, said it was "an important step away from the false wage moves of the current year", indicating a gradual return to stability.

The one dissenting voice was that of Mr Hans-Peter Stihl, president of the German chamber of commerce and industry. He said that this particular wage award was still far too high. "This agreement will lead to further rationalisation, and the scrapping of yet more jobs." He was distressed that the two sides had not agreed to postpone the cut in working hours.

Economists had mixed, but generally positive feelings. "The German economy has come out of this with one black eye," said Mr Willi Leibfritz, head of the macroeconomics department at the Ifo economic institute in Munich. He agreed that if IG Metall, the engineering workers' union, had hung on and gone on strike for 6 per cent or more, the combination of upward pressure on parallel pay negotiations (for printers, building and textile workers, for example) and the loss of production from the strikes would have left the economy with two black eyes and a bloody nose to boot.

Instead, the economy has emerged bruised but unbowed. In any case, most economic forecasts allowed for wage increases of between 5.5 and 6 per cent this year – compared with an average of 7 per cent last year – and still expect at least 1 per cent growth in gross national product (in west Germany) this year, or 1.5 per cent in gross domestic product.

But why were the engineering workers prepared to settle for so much less than their original demand of 9.5 per cent? "One political strike is enough," Mr Leibfritz said, reflecting a widely held view that after the public sector stoppage they would have attracted little public sympathy.

On the positive side, too, is the conviction that the IG Metall deal is the key to the current annual wage round: "No trade union will dare call an extended strike now," says Mr Jürgen Pfister, chief economist at Commerzbank in Frankfurt.

"The wage round is as good as over," said a trade union researcher. "The one person who must be really relieved is Mrs Monika Wulf-Mathies (leader of the OTV public sector workers' union). She is facing a revolt from the grass roots over her 5.4 per cent deal, and now she can say that the mighty IG Metall has scarcely done better."

The worry is nevertheless that the rate of pay rises is well above the 4 per cent target recommended by the five wise men (the government's independent economic advisers) in their last report – a target seen as essential to cope with the greatest challenge of all, the reconstruction of the east German economy.

"German wage rounds, by and large, used to be not too far distant from the macroeconomic needs of the country," Mr Leibfritz said. "We are also used to relatively high increases in productivity. But for the coming years we need to avoid inflation, or the financing of the east will become very difficult."

That is certainly a view shared by the German Bundesbank, whose president, Mr Helmut Schlesinger, also cautioned yesterday against excessive euphoria.

"The Bundesbank doesn't have any new room for manoeuvre," Mr Pfister of Commerzbank said. "But in the second half of the year, if the money supply comes down towards the target zone (3.5 to 5.5 per cent growth), there is a better chance of an interest rate cut." At least it removes the pressure for another increase in interest rates, Mr Leibfritz believes. Mr Schlesinger simply says that the monetary brakes will remain on until money supply is under control.

One of the Bundesbank's abiding complaints is that the government in Bonn, and those in the 16 Länder, have failed to make adequate budget savings since unification, to make room for spending in the east. The public sector borrowing requirement is a crucial factor behind excessive credit expansion, in turn a key element in the current 8 per cent-plus growth in broadly defined money supply.

In the light of that argument, the decision to pull out of the EFA project – or the Jäger 90 as it is known in Germany – should be seen as a good move in Frankfurt. The long-range budget to 2005 has DM12bn set aside for the fighter. It is also seen as a very shrewd political move by Mr Rühe, former secretary-general of Chancellor Helmut Kohl's Christian Democratic Union (CDU). Press response suggests it will be overwhelmingly popular with the voters, except in Bavaria where most of the jobs will be lost.

The most immediate political problem is that it will alienate the Bavarian-based Christian Social Union (CSU), whose leader Mr Theo Waigel, the finance minister, yesterday demanded a top-level meeting with Mr Kohl on the issue. Mr Waigel is already feeling uncomfortable in the coalition, with the right-wing Republicans breathing down his neck in Bavaria, and the snub to his party over Jäger 90 can only make matters worse.

The debate over the aircraft has been thus far one-sided and ill-informed. It has become a byword for government extravagance on a Cold War project. Yet there is no serious alternative aircraft available for what the Luftwaffe wants – air-to-air defence – beyond 2000, and the savings gained by opting out will be very largely concentrated at the end of the century, when the current budget crisis should be past.

More than that, Germany will almost certainly have to pay substantial compensation to its erstwhile partners, while at the same time sacrificing possibly as many as 20,000 jobs in its aerospace industry.

Die Welt put its doubts in a front-page editorial yesterday. "So the Bonn coalition will say 'no' in a few weeks' time to buying (the aircraft). It is already perfectly obvious how great will be the jubilation in the land. But the ruling parties will simply be demonstrating just how worn out they are, unable to do the very things which they know are right. And what then?"

The probable cancellation of the EFA in Germany is a political move far more than a financial one. But it does show just how great are the pressures on the government, above all the need to be seen to be coming to terms with the soaring costs of unification. Mr Rühe knows the depth of that public concern and is responding to it.

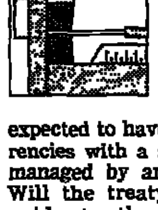
None of the long-term problems have gone away, despite the temporary relief at the settlement in the engineering workers' dispute. The east German economy is still in a state of collapse, if not in free fall, and unemployment in the east often reaches a real 50 per cent (disguised by job creation schemes, short-time working and early retirement) in key areas. Transfers from public funds this year from west to east Germany are expected to reach DM180bn (£61.2bn), and many suspect that Mr Waigel is wildly optimistic to believe he can almost halve his budget deficit from DM45bn to DM25bn by 1995.

On the other hand the strike settlement may have proved two things. First, it suggests that Germany's trade unions are beginning to realise the inevitable belt-tightening which unification means for everyone. And second, it indicates that the social contract in the west is still alive and well, even when the desire to fight for a shrinking cake is almost overwhelming.

PERSONAL VIEW

Maastricht's minor role

By Brian Tew



The Maastricht treaty on European union details the evolution of monetary arrangements from now till 2000. By then hopefully all the UK's fellow EC members are expected to have replaced their currencies with a single EC currency, managed by an EC central bank. Will the treaty prove a reliable guide to the future course of events? The obvious precedents – the Bretton Woods Agreement of 1944 and the Exchange Rate Mechanism (ERM) Agreement of 1979 – offer little hope.

The Bretton Woods regime of the 1960s was *de facto* one of free foreign exchange markets in which central banks operated by pegging on the dollar; but the 1944 agreement made no mention of free markets, of central bank dealings in such markets, or of pegging on the dollar.

Likewise the ERM regime in the 1980s was *de facto* one of pegging on the D-Mark, with almost all the provisions of the ERM agreement turning out to be dead letters. The intention that official intervention should be wholly in European currencies (rather than in dollar) has been ignored, as has the intention that the burden of adjustment should be shared between strong and weak currency countries. The official Ecu in the agreement (as distinct from the market Ecu adopted by private-sector intermediaries) has not played its prescribed role; in particular the so-called "divergence indicator" has not been important in practice. The credit provisions of the agreement have remained almost unused. The European Monetary Co-operation Fund has not been transformed into the proposed European Monetary Fund, as was intended should happen in 1981. Moreover, the most effective peggers on the D-Mark have been Austria and Switzerland – both non-members of the ERM.

Central bankers are pragmatists. In the 1960s they judged the best arrangement to be pegging on the dollar. Then, in the 1970s, when the dollar waned, most of Europe (though not the UK until October 1990) turned to the D-Mark instead.

Post-war experience warns us against accepting uncritically the Maastricht treaty as a guide to the future. Instead we must consider the reactions of decision-makers to the likely circumstances of the 1990s, especially since the EC's pegging regime will differ from both the 1980s and the pegging-on-the-dollar regime of the 1960s.

This is because financial deregulation has reduced the instruments available for implementing monetary policy. Exchange controls have now gone; in consequence financial regulations (such as credit ceilings) serve to drive business off-shore, and changes in fiscal policy no longer have a predictable effect on the exchange rate. (A stricter fiscal policy improves the balance of trade but discourages the inflow of capital since the government becomes less active as a borrower.)

The only surviving instrument of policy is the management of short-term interest rates and in a pegging regime this instrument has to be dedicated to maintaining the peg. The only objective which might take precedence over maintaining an invariable peg is combating stagnation.

Currency depreciation operates to cut unemployment by improving the international competitiveness of home industry, but only so long as the domestic economy is not so fully integrated with neighbouring economies that the depreciation is not offset by an equivalent rise in home-currency prices. This proviso means that already by now Germany's smaller neighbours are unable to improve their competitiveness by currency depreciation and thus stand to lose nothing by freezing their exchange rates with the D-Mark or by a transition to a common currency. The same will be so of other EC states as their economies become assimilated into the wider Community economy.

There is, however, a second argument. The Belgian authorities might hypothetically argue as follows. "We want to reduce unemployment not by making prices more competitive but by cutting interest rates. This means that to offset the capital outflow which would result from lower interest rates, we must allow the franc to depreciate, while encouraging the expectation that it will recover." This is not plausible because the market would be unlikely to expect any recovery of the Belgian currency unless its initial depreciation left the franc "undervalued".

Already adjustments in exchange rates afford no advantage to those EC members whose economies are so fully integrated that such changes would be offset by equivalent changes in their domestic prices. Other EC members may be reluctant to abandon the possibility of a realignment of exchange rates until their economies become more integrated into the Community economy. It is thus the pace of integration, rather than the Maastricht treaty, which will determine the timetable for monetary union.

The author is professor of money and banking at Loughborough University Banking Centre

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THINK LINCS

Britain's thin blue line on the drawing board

Kenneth Clarke, the home secretary, is to deliver a message of reform and greater efficiency to the police force, says Alan Pike

Mr Kenneth Clarke will arrive at the Police Federation conference in Scarborough on Wednesday like a relay runner passing the baton of reform from department to department in Whitehall.

His audience will see him as man with a mission to reduce the power of public sector vested interests in the cause of efficiency and better service.

At the Department of Health Mr Clarke braved the outrage of doctors. One consequence of the government's reforms was to attack the medical profession's collective power.

Moving to education, he displayed similar decentralising tendencies towards management of teachers, unions and local education authorities.

Now Mr Clarke is home secretary, and he is turning his attention to the police. And while he does not wish to be seen as imposing cuts for the sake of it, public spending pressures mean he must improve police performance.

Britain's police forces have enjoyed a growth in financial resources under Conservative governments that is the envy of other public services. The Conservative election manifesto claimed a 74 per cent increase in real terms in spending on the police since 1979. Police strength has grown by 16 per cent since then. If this is measured against a single criterion – the crime rate – it was wasted. Recorded crime now stands at all-time record levels, with offences notified to the police rising by 16 per cent to 5.3m last year.

It would be unfair to assess the value of the police service purely in terms of crime figures which are, in any case, not the most accurate statistics. They are, however, one way in which the public and MPs evaluate the police.

Opinion polls show that the public wants more police officers on the beat, and Conservative governments have tried to provide them. Not only is Mr Clarke now constrained by pressures to contain public spending, but there is evidence that increasing officers on the streets is not necessarily the best way of tacking crime – a Home Office study found that a London foot patrol officer was likely to pass within 100 yards of a burglary in progress only once every eight years.

The police service has recently been trying to place the debate about the effectiveness – and thus value – of policing in a broad social context. Senior officers have spoken about the impact of unemployment and other social problems on crime. A nine-point policing agenda published by the Police Federation last autumn focuses firmly on the broad agenda.

But both the federation – the nearest thing to a trade union for rank-and-file officers – and senior ranks will find the home secretary also wants to examine the performance of the police service itself.

There are similarities between the police and Mr Clarke's old battlegrounds in the National Health Service. Labour costs account for the bulk of expenditure in both organisations – about 80 per cent in the case of the police – and this is therefore an area where improved efficiency must be sought.

The grip of professional insiders on both services is maintained by the specialised nature of the work and the fact that there is little scope for outside competition. So incentives to improve performance have to be constructed within the organisation.

In the health service Mr Clarke separated the purchasing of health care from its supply, making health authorities and hospitals bid for contracts in an internal market. While this could not find a direct parallel in policing, the home secretary is certain to encourage efforts already under way in some forces to shorten lines of command and devolve decision-making and budget-holding responsibility.

The management structure of the police service is powerfully reinforced by a hierarchy based on formal, military-style rank. Although the great bulk of day-to-day police work is carried out by humble constables acting on their own initiative, they are supported by a senior management structure which, the Audit Commission suggested in a report last year, has become top-heavy.

The management structure is reinforced by a formal military-style hierarchy

Some jobs, concluded the commission, tended to be allocated on the basis of rank rather than the actual requirements of the post. Once a job was occupied by a superintendent, it implied the need for "all posts of similar levels in management lines to be occupied by superintendents."

Many forces are addressing such criticisms by adopting simplified management structures, pushing decision-making to lower levels and sometimes giving control of budgets to local commanders supported by civilian business managers.

Lower ranking officers are also likely to face Mr Clarke's scrutiny. The Police Federation has, for example, been accused of dragging its feet over measures to dismiss officers whose performance is poor.

To improve efficiency, police forces are developing similar internal audit procedures to other public authorities. In policing terms performance is more difficult to measure, but forces have begun trying to allocate resources in line with priorities determined by public opinion surveys.

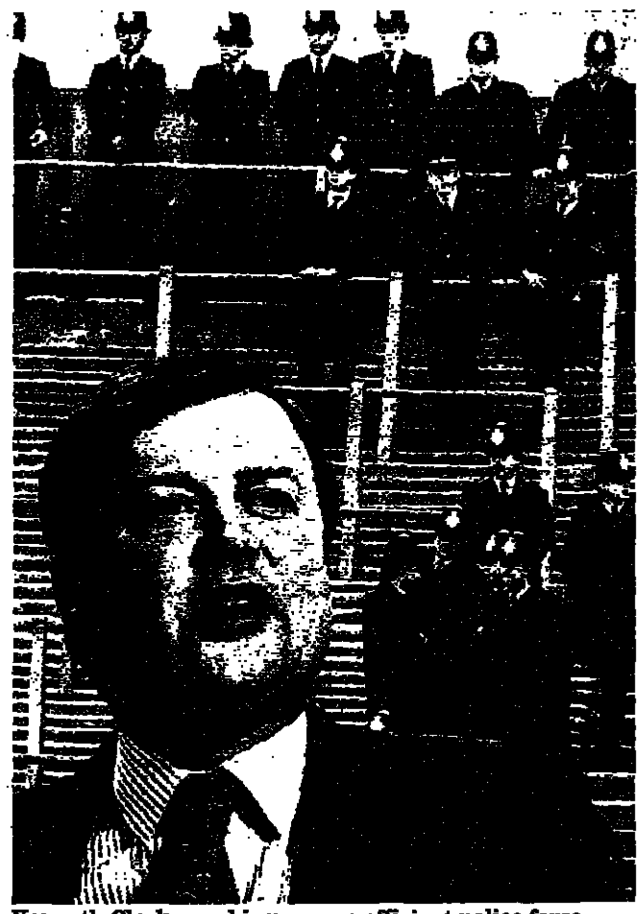
West Mercia, a force which has restructured its management to give shorter lines of communication, commissioned the Harris Research Centre to test public opinion. The results showed that while 85 per cent of respondents thought the police were doing a good job overall, 26 per cent were dissatisfied with the treatment of telephone callers and a similar proportion found police station reception areas off-putting.

In recent years, the biggest single step towards improving financial performance in the police service has been through the replacement of police officers with less expensive civilians in administrative, control and other non-front work. Since civilians do not have to be as broadly trained as police officers, they can be recruited more cheaply to perform specific tasks.

The relatively generous funding of the police service during the 1980s did not stop Mr Clarke's predecessors facing demands for yet more resources. It would, therefore, require political courage to tell a Police Federation conference that the days of generous spending increases for the service are now over. But whatever impression Mr Clarke makes on delegates, there is little doubt he will be try to reduce the police budget.

A really brave Mr Clarke could always relate the story of New York's experience in the late 1970s, when a 20 per cent reduction in police department manpower had no impact on the rate at which crime rose.

The New York episode supports one of Mr Clarke's favourite themes from his health service days – that there is no automatic link between particular levels of resources and the effectiveness with which they are used. But the relationship between offending and deprivation, unemployment, schooling, and countless other aspects of social policy is a highly complex one. Neither the police nor Mr Clarke can solve those problems on their own.



Kenneth Clarke; seeking a more efficient police force

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Appropriate safeguards and reforms for pensions

From Mr David A Rice.

Sir, As a personnel manager and pension fund trustee, I noted with interest your leader headed "Reform of the pension funds" (May 11). Increasingly, I think that schemes such as ours represent the silent majority of well-managed and well-funded occupational final salary schemes.

Ours is a relatively small scheme which has never found itself in the position of having to argue the ownership of surplus. In spite of this, we have successfully coped with the effect of the Barber judgment and the changes resulting from the Social Security Act 1990.

We have had no problems in recruiting the new members essential for the long-term stability of the scheme. Where others fail, one can only point the finger at poor communication on the part of the corporate provider and misleading and optimistic misinformation of the private sector.

All the pension scheme trustees within Tunnel Refineries are also employees, potential beneficiaries of the scheme and capable of influencing the sponsoring employer. The recommendations of the recent Commons select committee report hold no fears for our scheme.

The judgment as to whether a scheme should be final salary or money purchase is one which must be made with reference to the age and service profile of the workforce if it is to be a benefit. administrative convenience or otherwise has limited, or no bearing. What is appropriate for a software house is not appropriate for a factory with a mature and ageing population.

Changes are necessary within the occupational pension scheme sector and I would welcome changes which increase the confidence of pension scheme members in the security of those arrangements which will see them well into old age. In spite of Maxwell and legislation, there are many schemes valiantly preserving final salary arrangements.

David A Rice,
personnel manager and pension fund trustee,
Tunnel Refineries,
Thames Bank House,
Tunnel Avenue, London SE10

From Mr Lee Mallett.

Sir, With reference to Norma Cohen's article "Reforms that err on the safe side" (May 9) on the recent National Association of Pension Funds conference, I believe that much stronger safeguards should be placed on pension funds, about whose performance it is very difficult, if not impossible, to obtain information.

There should be a further safeguard which parliament should consider – disclosure. The best way to see what is going on in a fund is to require public annual reports of performance which break down investments by sector – gilts, equities, property etc. Then we can all see what is being done with our money, and pick the fund of our choice.

Lee Mallett,
editor, Estate Times,
Morgan-Grampian,
30 Calderwood Street,
London SE18 6QH

From I M Aitken.

Sir, I was surprised to read your editorial "Reform of the pension funds", suggesting that the balance of advantage must to some degree shift from final salary schemes to money purchase arrangements. You seem to suggest the move, *prima facie*, to avoid the problems of surplus while, at the same time, acknowledging that it would impose extra investment risk on the member. This seems convoluted logic.

The pension provided by a money purchase scheme depends on the investment returns achieved during the contribution period up to retirement and the investment conditions prevailing at retirement. The employee is unable to plan his retirement as he is unable to quantify his pension.

On the other hand, many employers are aware of these shortcomings and consequently the vast majority of the larger pension schemes in the UK have been established on the footing of a pension based on final salary. Such schemes are able to assume that the employee will retire with a pension which is a function of salary at or near to retirement for each year of service. Fluctuations in investment conditions do not concern the employee – he is assured of his pension. The employer is prepared, if necessary, to pay an additional "risk premium" to provide the investment safeguard and, in the good years, he accepts a "bonus" by way of a reduction in his contributions.

Final salary pension schemes have stood the test of time well and it would be a shame if they were now abandoned on account of the current esoteric talk regarding surplus.

I M Aitken,
R Watson & Sons,
11 Abercrombie Place,
Edinburgh EH3 6LB

Employment training review must heed providers' views

From Mr Ian Roe.

In its comprehensive review of employment training ("Employment training faces review as criticism mounts", May 11), the Department of Employment ought to consult and take on board the view of training providers.

In any event, it should:

- have the courage to stop using training schemes in part to disguise the unemployment figures. The participants are unemployed and they know it;
- recognise that in employment training there have been real and substantial cuts in funding, an unrealistic and penalising re-contracting process, significant changes in paperwork administration and accountable bodies to name but some. Providers have been asked, as always, to do more with less and to deliver yesterday;
- release Training and Enterprise Councils from their bureaucratic and financial straitjacket – and develop three- to five-year flexible contracts so that the Tecs may do similarly with providers;
- admit that London Tecs are generally under-funded;
- ensure that Tecs have, or have access to, the resources to provide quality training and employment opportunities to those most disadvantaged in the community. If not, then provide appropriate funding through other accessible mechanisms.

The evidence that the "disadvantaged" are, with the right resources, achievers is overwhelming.

The Department of Employment should also:

- recognise the role of the voluntary sector as provider of the above;
- clarify, simplify and rationalise the benefit entitlement to all those who are unemployed, on income support etc, irrespective of the training scheme they join or its funding body.
- remember it is easy to say that, in the final analysis, something has not worked when its critics have been responsible for the progressive withdrawal of its "mother milk" before the availability of replacement solids.

Ian Roe,
Camden Training Centre,
57 Pratt Street,
London NW1 0DP

A tax on fossil fuels

From Mr Alan F Greene.

Sir, For all the scoffing at the idea of a tax on fossil fuels, is there not a case for the UK to take unilateral action? Some £30bn switched from employers' National Insurance contributions to fuel is surely in line with the Conservatives' philosophy on indirect taxation and it might even reverse the trend in redundancies.

Alan F Greene,
32 Glen Road,
Fleet, Hants GU13 9RQ

Competition and interests of investors

From R A Morris.

Sir, In privatising the public utilities, the government aimed to introduce a competitive element into these monopoly industries and raise cash from investors. Now that the main utilities are in the private sector, one cannot help but feel that the aim of increasing competition has assumed a greater degree of importance than the interests of the investor.

This is most striking in the case of British Gas, where Ofgas and the Office of Fair Trading have a role in regulation and development of competition, by whatever means.

Surely the system of gas pricing could be conducted in a less aggressive fashion, without undermining the confidence of investors. This would give British Gas the opportunity to maximise its non-monopoly operations, especially those overseas, to the benefit of the company, shareholders and, indeed, the UK as a whole.

R A Morris,
managing director,
Rathbone Brothers, & Co.
Port of Liverpool Building,
Pier Head,
Liverpool L3 1NW

Bottlenecks avoided

From Mr Martyn Thomas.

Sir, Your business air travel survey (May 11) omitted an important and topical issue. With the completion of the single market in Europe, there will be a growing need for point-to-point air travel, avoiding the bottlenecks of big airports. The UK has more than 350 licensed aerodromes from which private flights can be made, and France has some 1,000 (most of which are managed by the local Chambers of Commerce, which recognise the business importance of having an airport). A direct flight from the UK in a light aircraft is a convenient alternative for business journeys.

In the US, it is said that more business passenger miles are flown in light aircraft than on scheduled services, which takes much of the pressure off big airports.

This pattern is likely to develop in the European single market, with important consequences for airspace policy. If the UK persists in the folly of maintaining national customs and border controls after they are abandoned by other European countries in 1993, it shall damage its competitive position in Europe and miss an opportunity to reduce air and ground congestion.

Martyn Thomas,
chairman,
Praxis,
20 Manvers Street,
Bath BA1 1PX

Public sector stimulus and elimination of private sector distortions would help meet need for affordable houses

From Ms Sheila McKechnie.

Sir, Your leader ("More housing choice needed", May 13) is a timely reminder that the government's commitment to increasing home ownership through schemes such as rents-to-mortgages does not necessarily translate into greater housing choice for the individual.

High house prices have ruled out the possibility of home ownership for many. Renting is their only option and, while the private sector has a role to play in providing more homes, many people simply cannot afford to pay market rents.

You suggest tax incentives for landlords as one way to boost supply. However, these could lead to insecurity for tenants while encouraging rising house prices and so excluding more people from home ownership. There are more efficient ways of financing social housing that produce better value for money for the tax payer and more security for the tenant. These would involve changes in the public sector borrowing requirement rules in the way suggested by your columnist, John Willman. The government's antipathy to local authority management of rented housing could be met by introducing arm's length agencies or through further housing association growth.

The ever growing demand for affordable homes can only be met by a greater level of public investment in housing. Shelter has identified a need for an additional 100,000 affordable homes annually over the next five years. This could in part be done by redistributing Miras. This avenue has been ignored by politicians of the two main parties in the belief that it is akin to electoral suicide. However, Shelter commissioned an opinion poll before the election which showed that 71 per cent of the population were in favour of the redistribution.

The housing industry is not short of ideas on how to deal with the housing crisis. What is lacking is the political will.

Sheila McKechnie,
director,
Shelter,
88 Old Street,
London EC1V 9HU

From Mr Neville Lee.

Sir, Your leader of May 13 was a timely contribution to an increasingly lively debate.

Are subsidies either necessary or even desirable? The housing market is distorted, damaged and limited by subsidies. Why do we forget that unsubsidised personal share ownership, personal savings invested in pension schemes, unit trusts or life assurance provide the capital to the whole of British industry as well as financing major investments overseas?

A fraction of this investment would provide the funds necessary to provide good quality rented housing, and the opportunity for home ownership for all people.

However, neither the private investor or the fund manager will invest in a game which is not played on a level field or where the referee belongs to the other side.

The costs of mortgage tax relief, subsidised council house sales, local authority rents set below market value, and soft loans to housing associations probably add up to some £10bn annually.

If these subsidies could be removed from the market and paid directly to those in need through the housing benefit or income support mechanisms, house prices would fall to affordable levels. Private and institutional funds would find new houses to rent a worthwhile investment as in every other industrial country.

Never before has there been a more appropriate time for a sound government in a stable economy to grasp the nettle of housing choice.

Neville Lee,
chairman,
Association of Residential Letting Agents,
18/21 Jermyn Street,
London SW1Y 6HP

From Mr Simon Randall.

Sir, I congratulate you on your thought-provoking leader, "More housing choice needed". Now is the time for a comprehensive review of housing policy and finance. In particular we need further to expand opportunities in the private rented sector and to encourage more private investment and greater involvement of major employers and financial institutions.

We also need to look at ways of improving and extending opportunities for shared ownership and equity sharing. Rents to mortgages is just one of a number of potential schemes. Home owners should be able to move in and out of part ownership as their circumstances dictate. This would certainly be preferable to the present level of repossessions and homelessness arising from mortgage arrears. The LBA has urged the government to encourage mortgage lenders to develop a more positive role in this field.

Increasing the opportunities for housing mobility is another area of concern. Each year thousands of local authority and housing association tenants are helped to move to other areas, mainly for social and employment reasons, through Homes (Housing Organisations Mobility and Exchange Services), which was established in 1990 and is always seeking ways to enhance the level of service.

Simon Randall,
chairman,
housing and social services committee,
London Boroughs Association,
College House,
Great Peter Street,
London SW1P 3LN

From Mr Richard McManus.

Sir, Reapportioning subsidy from owner occupiers to tenants is not the only way to widen choice in the housing market ("More housing choice needed", May 13).

Government could help prospective tenants select from a glut of vacant properties by establishing a computerised "clearing house". This would maximise choice by liaising with existing letting agents and estate agents.

Government would endorse the rental alternative, which has a bad name in Britain, without compromising free market principles or robbing loyal supporters.

In the longer term, institutional investors may be attracted to fund a private rental resurgence without additional tax subsidy; they would have evidence of the volume and location of rental demand and the net yields achievable.

Richard McManus,
director,
First Europe,
44 Upham Park Road,
London W4 1PG

OBSERVER

The politics of broking

■ It may have taken US business tycoons such as the Rockefellers several generations to move into politics, but in Russia it all seems to be happening at once. Konstantin Borovoi, who founded the Russian Commodities Exchange and the Russian Stock Exchange, has now started his own political party.

The Economic Freedom Party, dedicated to "protecting economic liberty", was founded at a meeting of 3,000 brokers in his exchange. Not surprisingly, it unanimously voted Borovoi chairman.

The chairman, a former maths professor, denied his move was prompted by falling profits in his exchange since the January price rises made commodity dealing less profitable. Instead, he said, he had finally succumbed to two years of pressure from "famous political and public leaders of liberal orientation" who had consistently nagged him to found a party.

There is now, he said, "a vast social group, people who represent a new economy". Altogether it numbers around 40m people and "so far it has no political power," he says.

The desideratum for those who wish to be associated with the party? "High moral standards," says Borovoi, who claims he never pays bribes.

Moving up

■ If any captain of industry needs reminding how important it is to cultivate the City, he could do a lot worse than plot the career of Sir David Plastow who picked up another prestige job yesterday – the chairmanship of Inchcape. He is already deputy chairman of the TSB and Guinness and has collected an impressive list of other non-executive directorships.

Sir David's career at the helm of Vickers, one of the grand old names of British engineering, is said to have been a great success. He rescued Rolls-Royce Motors from bankruptcy, merged it into Vickers and tried to knock some sense into a company which had long since lost its way. He has campaigned against geriatric chief executives who hang on well past retirement age, so there is no surprise that he is leaving Vickers this month.

Even so he is leaving a company which has just cut its dividend and where there is a question mark over its future strategy and untested leadership. Some investors might wish that Sir David had waived his own retirement rules and stuck around to pilot Vickers out of its current problems.

The chairmanship of a successful company like Inchcape should pose a less daunting challenge.

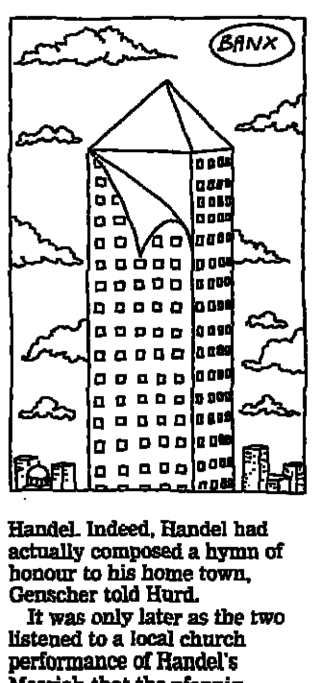
Genscher's giggle

■ The irrepressible Hans-Dietrich Genscher, who handed in his cards yesterday after 18 years as Germany's foreign minister, couldn't resist a departing crack during a morning radio interview.

It was at the expense of his British colleague, Douglas Hurd, and his visit to Genscher's home town of Halle – a grimy industrial city in east Germany through which all diplomatic visitors have dutifully traipsed for the greater glorification of one Hans-Dietrich.

On this occasion, Genscher reminded Hurd that it was also the home town of that great composer, so beloved of the British, Georg Friedrich Handel. Indeed, Handel had actually composed a hymn of honour to his home town, Genscher told Hurd.

It was only later as the two listened to a local church performance of Handel's Messiah that the pfennig finally dropped, Genscher giggled. Understanding finally came to Hurd during the Halle-lujah chorus. ....



No answer

■ The director of The Spectator magazine was running a few minutes late when he arrived for Thursday's board meeting at the St James's headquarters of chairman Algy Cluff. But he was sure he would soon catch up.

The problem was the door was shut. And there was no sign of a bell that worked. Neither knocking on the door nor even shouting through the letterbox raised a response. As a last resort he turned to his car phone. That ought to get someone to the door.

There was no answer.

In the end Conrad Black, chairman of the Daily Telegraph, owner of The Spectator, gave it all up as a bad job and went off to dinner. The experience will do little to temper Black's long-held view that journalists, however talented, tend towards the tiresome and eccentric.

Wasn't my fault, bleated Spectator editor Dominic Lawson yesterday. He was out of town at a much more important event. Addressing the Oxford Union.

Underground fan

■ Prospects may look bleak for Olympia & York, but they could be worse. Take the Jubilee line extension, for example. Notwithstanding the government's tough public stance, the chances of it finding the £400m that O & Y was supposed to contribute to the cost of the project are pretty high.

One reason lies in Westminster tube station, which would need to be adapted as part of the extension. Plans for new suites of offices for MPs on top of the tube station are governed by the proposed changes to it; a decision to abandon the extension would mean going back to the drawing board.

By the most optimistic estimate the offices will not be ready for use until 1997, and a motion complaining about working conditions for MPs and staff has already attracted support from 110 MPs, O&Y may find it has more friends at court than it expected.

Youth cult

■ Everyone knows that the average age of pension fund managers is falling, but Edinburgh's Ivory & Sime seems to be getting a wee bit carried away. According to Pension World's latest list, the median age of Ivory's pension fund managers is 10.

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FINANCIAL TIMES
Tuesday May 19 1992

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Poll lead gives hope to independent presidential hopeful

Perot promises voters action, not words, in Washington

By Jurek Martin in Washington

MR ROSS PEROT, buoyed by the first national opinion poll to put him ahead in the race for the presidency, said yesterday that "grassroots America" was less interested in his stand on various issues than in his promise "to take out the trash and clear out the barn" in Washington.

Mr Perot brandished a large shovel emblazoned with the American flag to prove his point in the course of an extraordinary breakfast television interview. He said he would formally declare his independent candidacy "whenever the time feels right".

The Texas businessman's surge in the polls has clearly shaken the campaigns of both the Republican and Democratic candidates. The latest Time-CNN poll gave him 33 per cent against 28 per cent for President George Bush and 24 per cent for Governor Bill Clinton of Arkansas.

Mr Perot was sufficiently emboldened to break what was to have been a 60-day purdah devoted to boning up on policy issues. Asked if that time had been well spent to date, he responded in a way that goes to the heart of his appeal.

"Well, it's interesting. As soon as I said that I was going to spend some time, the phone banks went crazy. The volunteers said: 'We're not interested in positions. Everybody has detailed positions. Nobody implements them.'

"Then the next wave I got from informed people, kind of close to the [Washington, DC] Beltway, says: 'Perot, there are good positions all over the place. You don't need to create new ones.' So I started reading the positions that exist. They've got an interesting point. There are great ideas that could fix most of the problems our country faces.

"Everybody sits around and talks about them. Nobody does anything about them. So getting the good positions is not the problem. Taking action in Washington is apparently an unnatural event. But that's what the people want. If they put me there, that's what we'll do. We'll have action."

In another interview yesterday, Mr Perot laid in to Mr Bush for his earlier support of President Saddam Hussein of Iraq. "My position is, if you don't like guys like Saddam Hussein – and obviously the president didn't in the end – don't spend 10 years and billions of dollars creating him. Vice-president and President Bush made Saddam Hussein what he is today."

Both the Bush and Clinton campaigns hope the Perot bubble will somehow burst of its own accord, or be punctured by media scrutiny. Neither candidate has yet worked out a way to attack Mr Perot. Both suffer from the difficulty that national interest in the remaining primaries, in which Mr Perot is not participating, has declined with the respective party nominations assured. The public already seems to be looking ahead to the election proper in the autumn.

Ross Perot: taking up positions

The president, additionally, has made little impression in his many public appearances since the Los Angeles riots. This is partly because his messages have been tailored to different audiences and lacked coherence, and partly because, after a brief truce, all the old political divisions are resurfacing in Washington about how to deal with inner city deprivation.

At the weekend for example, the Republican right wing, in the person of Congressman Newt Gingrich of Georgia, objected to the passing of federal emergency funds for disbursement by big city, mostly Democratic, mayors.

The city lobby, led by the mayors who organised a march in Washington over the weekend, are now vigorously complaining that the administration relief programme is hopelessly insufficient. Mr Ray Flynn, the mayor of Boston, said the US should not spend "five cents" assisting the former Soviet Union while the cities were suffering.

Who might be No 2, Page 4

Swiss cabinet favours joining EC

By Ian Rodger in Zurich

THE SWISS government yesterday confronted the country's traditional isolationist tendencies head on, deciding to submit shortly a formal application to join the European Community.

Opposition among the public to the cabinet's decision is likely to be widespread and passionate once the full implications of membership become clear.

The decision has been taken sooner than expected, spurred partly by a referendum result on Sunday which showed a majority in favour of Switzerland joining the International Monetary Fund and the World Bank.

However, the government could have difficulty persuading a majority to vote for EC membership. Just six years ago three quarters of Swiss voters rejected a proposal that the country join the United Nations.

Recent opinion polls have indicated that a slim majority supports the idea of joining the EC, but about one third are undecided.

Swiss farmers would have to face sharply reduced subisidies, small merchants and professionals would be exposed to open competition and the country would have to put up with an unrestricted inflow of workers and property purchasers from other EC countries.

Subsidy levels on Swiss meat and dairy products are now two to three times EC levels, and Swiss farmers demonstrate frequently to make clear their opposition to joining the EC or accepting any reduction in aid.

The decision to apply for EC membership reflects the eagerness of a majority in the federal cabinet that Switzerland negotiate entry alongside the other western European countries – Austria, Sweden, Norway and Finland – that have applied.

The EC's position on member countries retaining a neutral foreign policy will be worked out during these negotiations, and the Swiss government wanted to be a participant rather than be forced later to accept the result.

The move follows the federal cabinet's decision last October to abandon isolation and make EC membership an official policy goal.

The decision was also influenced by the cabinet's concerns about the outcome of a plebiscite due in the next few months on the European Economic Area. This would bring together the seven countries of the European Free Trade Association, including Switzerland, and those of the EC.

The cabinet feared that if the EEA treaty was rejected, Switzerland could not then immediately apply for EC membership. However, if it applied in advance of the EEA referendum, it could then claim the two were unrelated and simply carry on with EC entry negotiations.

Maastricht's minor role, Page 18

O&Y cash troubles threaten London Underground project

By David Owen and Robert Peston in London

THE UK government yesterday toughened its stance over the extension of the London Underground's Jubilee Line to the Canary Wharf office development in the city's docklands, saying that construction would not begin until the £400m ($708m) cash contribution pledged by Olympia & York had been secured.

However, bankers to O&Y, the property company which last week filed for protection from its creditors in the US and Canada, said they could not make a decision on providing the money until they had assessed Canary Wharf's long-term prospects, which will take another few days.

Meanwhile, Mr John MacGregor, transport secretary, told MPs in parliament that he saw "no prospect" of his authorising construction "until and unless" the O&Y contribution was assured. The government's plans had proceeded on the basis that O&Y had pledged £400m cash. "We are . . . looking to Olympia & York to honour that understanding before I can give London Underground approval to start construction," Mr MacGregor added. The government had given £1.5bn towards the 10-mile extension, which was to have been finished by 1996.

Meanwhile, Mr David Blunkett, UK opposition local government spokesman, plans on Wednesday to call for two separate parliamentary inquiries into issues arising from the O&Y affair.

Mr MacGregor's comments followed indications from the UK government that it wanted an answer soon from creditor banks of Canary Wharf, on whether they would provide the £400m.

Bankers say they would be happy to discuss the issue with Mr MacGregor. But they cannot tell him whether they will provide the funds until they have received a detailed assessment, carried out by some bankers in conjunction with accountants Ernst & Young and surveyors Hillier Parker, of Canary Wharf's long term commercial prospects, which is due mid-week.

If the bankers then put Canary Wharf into receivership or liquidation, they would not provide the Jubilee funds. If the project is kept as a going concern – or even possibly if it is put into administration under UK insolvency legislation – bankers might still provide the £400m.

According to UK government ministers, London Regional Transport would be unable to maintain beyond July the £1.5m a month project team now working on the extension, without a definite go-ahead.

Meanwhile, holders of $548m in Eurobonds, whose security is O&Y's New York office building at 55 Water Street, are meeting O&Y today to discuss whether it has sufficient funds to refurbish the property.

The bondholders are concerned that without refurbishment their future interest payments would be in doubt, as the building would be difficult to let.

O&Y believes that the bondholders cannot foreclose on the building because interest payments are still being made. Although O&Y has filed for protection from many of its creditors in the US and Canada, most US properties, including 55 Water Street, are unaffected by the filings.

Observer, Page 17

Pay deal boosts D-Mark

Continued from Page 1

price spiral" in Germany. He hoped the Bundesbank would take the same view and consider relaxing monetary policy.

The Bundesbank itself was relatively sanguine. Mr Otmar Issing, the Bundesbank directorate member responsible for economics, said in London that the deal was "a step in the right direction".

Although wages were still rising by more than the country could afford, Mr Issing argued that a settlement in the region of 5.5 per cent was in line with mainstream wage-rise forecasts at the beginning of the year.

Others were less convinced that the deal – which would give an average rise of 4.8 per cent over 21 months if a previously agreed reduction in the working week is taken into account – was so positive.

Brokers in equity markets agreed that investors are unlikely to become enthusiastic buyers until there are clear signs that the Bundesbank has decided to cut interest rates again. The wage settlement is only one factor influencing this decision.

THE LEX COLUMN

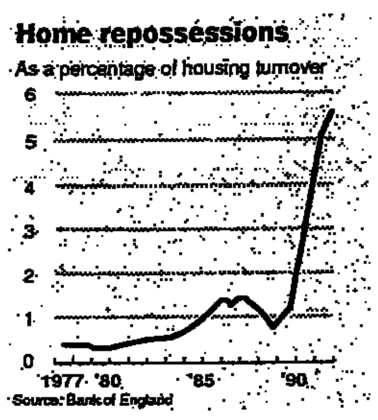
House view at the Bank

This time almost exactly a year ago builders and mortgage-lenders were queueing up to trumpet a revival in the UK housing market. Now they and other commentators are understandably more coy, which is why an article in the May issue of the Bank of England Quarterly Bulletin makes interesting, not to say provocative, reading. With the help of a little econometric modelling its authors conclude that reduced repossessions are likely to have more impact on house prices than an interest rate change, and that prices could rise by as much as 5 per cent given a 20,000 fall in the number of houses repossessed.

Unfortunately events in the real world look less encouraging. All those politically inspired rescue schemes which hit the headlines after Christmas have gone quiet, though to be fair to building societies attempts to persuade borrowers to become overnight tenants have met with a frosty response. First-quarter county court statistics and Halifax figures from November to April imply that the problem may have eased – but the evidence of other building societies is mixed and few would bet on this year's repossessions total ending much below 1991's 75,000-80,000.

Lenders are no doubt taking a more constructive stance: but it is a moot point whether they, with or without government help, can afford to be more lenient. As the Bank study points out, that might encourage others to default or engage in reckless borrowing, thinking they could escape any adverse consequences of their actions. The grim reality remains that there is no quick fix to a repossessions crisis caused by the first fall in nominal house prices since the 1950s and the high loan to house value ratios of recent years. Buyers will expect discounts and incentives for some time.

FT-SE Index: 2703.6 (+21)



Germany

Not only have German engineering workers struck a pay deal of less than 6 per cent without a strike. They are also committed to an increase of only 3.4 per cent next year. That should go a long way towards breaking the wage-price spiral. Add in expectations of a downward lurch in inflation during the summer as last year's energy tax increases fall out of the equation, and it becomes easy to see why financial markets are speculating about easier Bundesbank policy.

The snag remains the rate at which M3 money is expanding. Though there are technical reasons why increasing interest rates would make the problem worse, the Bundesbank would surely suffer a serious loss of credibility if it eased while money growth was nearly twice the target ceiling. Besides, if its worry about the wage round has diminished, it still has to keep up pressure on the government to curb the budget deficit. Money may soon start to move out of cash in anticipation of an eventual rate cut, but equities are unlikely to maintain the pace set by yesterday's 3 per cent rise of the DAX index.

Whitbread

Whitbread's 24 per cent drop in profits may partly reflect the concentration of its business in recession-bound south-east England. That does not automatically mean, however, that it is particularly well positioned to take advantage of recovery. With a beer market share of just over 13 per cent, it is hardly a top league player: even the much-vaunted Boddington brand still only accounts for about 10 per cent of its beer business. Moreover, the government's insistence on a reduction in its pub estate has led it into lease arrangements which seem bound to reduce the price it obtains for beer.

Granted, Whitbread is not the only brewer grappling with this problem, but, even in a recovery, there is no guarantee that beer will generate the cash needed to support the company's unwieldy collection of retail businesses. The only real justification for Whitbread staying in hotels is that it would currently be too expensive to exit. It may now be the largest off-licence retailer in the UK, but this is a low-margin activity whose growth potential must be in doubt.

It would help if Whitbread had more of an international dimension, but its decision to abandon the European Pizza Hut franchise suggests it has turned its back on this priority. Perhaps the strategic direction will be redefined after Sir Michael Angus takes over as chairman this summer. In the meantime there is little reason for the shares to outperform, although they are underpinned by a gross yield of nearly 5 per cent.

Total

At first sight, the French government's decision to reduce its stake in Total looks curious. The world market for oil assets is severely depressed, European refining margins are weak and Total's first-half results are expected to be poor. All the same, its shares have performed well in recent years, supported lately by overseas demand on hopes for the Cusiana field in Colombia.

Like the recent sale of 2.3 per cent of Elf, selling most of the Total stake fits the policy of tidying up holdings as part of a wider privatisation programme. Were it not for the group's complicated share structure, the sale might raise FFr9bn (£900m). The more likely figure is nearer FFr6bn, which will scarcely ease the budget deficit.

Gas market

As Sir James McKinnon of Ofgas was quick to point out, yesterday's launch of Alliance Gas marked a welcome development in the UK gas market. The joint venture between BP, Statoil and Norsk Hydro has its own gas field from the start. Most previous entrants have set up as intermediaries, aiming to profit from the enforced reduction to 40 per cent in the industrial market share of British Gas. Although they may make fast inroads initially, their profit represents an additional cost for users which they may ultimately be unwilling to bear.

In the short term, Alliance is well placed to buy supplies from British Gas. After 1996, the Norwegians will bring significant long-term supplies of their own to the table. Add in BP's marketing skills and the agreed venture with East Midlands Electricity, and Alliance should offer steady competition to the monopolist: hence the regulator's pleasure.

MORSE

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World Weather

City		°C	°F
Ajaccio	F	23	73
Algiers	F	23	73
Amsterdam	S	21	70
Athens	S	20	68
Bahrain	S	33	91
Bangkok	F	36	97
Barcelona	S	23	73
Beijing	F	31	88
Beirut	C	20	68
Belfast	S	17	63
Belgrade	R	12	54
Berlin	S	17	63
Biarritz	S	25	77
Bombay	S	32	90
Bordeaux	S	29	84
Boulogne	S	22	72
Brussels	S	21	70
Budapest	C	17	63
Buenos Aires	C	16	61
Cairo	S	24	75
Cape Town	C	18	66
Caracas	F	27	81
Casablanca †	S	34	93
Chicago †	S	8	46
Cologne	S	22	72
Copenhagen	S	21	70
Corfu	F	22	72
Dallas †	R	19	66
Dublin	S	17	63
Dubrovnik		–	–
Edinburgh	S	14	57
Faro	S	26	79
Florence	S	27	81
Frankfurt	S	21	70
Geneva	S	20	68
Gibraltar	S	21	70
Glasgow	S	19	66
Helsinki	S	19	66
Hong Kong	S	26	79
Innsbruck	S	21	70
Inverness	S	15	59
Islamabad	F	31	88
Istanbul	S	15	59
Jakarta	R	33	91
Johannesburg	S	22	72
Lisbon	S	23	73
London	S	18	64
Los Angeles †	C	17	63
Luxembourg	S	21	70
Madeira	S	20	68
Madrid	F	28	82
Majorca	S	24	75
Malaga	S	25	77
Malta	S	25	77
Manila	F	36	97
Melbourne	S	13	55
Mexico City	C	24	75
Miami †	F	26	79
Milan	S	27	81
Montreal †	S	13	55
Moscow	C	12	54
Munich	S	18	64
Nairobi	C	23	73
Naples	S	22	72
Nassau	C	30	86
New Delhi	S	36	97
New York †	C	17	63
Nice	S	22	72
Nicosia	S	20	68
Oporto	S	18	64
Oslo	S	22	72
Paris	S	23	73
Prague	S	15	59
Reykjavik	C	9	48
Rhodes	S	20	68
Rio d'Janeiro	F	32	90
Rome	S	24	75
Salzburg	S	17	63
S'Francisco †	C	16	61
Seoul	S	21	70
Singapore	S	32	90
Stockholm	S	19	66
Strasbourg	S	23	73
Sydney	F	19	66
Taipei	C	28	82
Tangier	S	29	84
Tel Aviv	F	20	68
Tenerife	F	25	77
Tokyo	R	16	61
Toronto †	C	10	50
Tunis	S	27	81
Valencia	F	33	91
Venice	S	22	72
Vienna	S	15	59
Warsaw	C	11	52
Washington †	Dr	18	64
Zurich	S	20	68

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

21st CENTURY MATERIALS AND TECHNOLOGY T·O·D·A·Y
BRITISH VITA PLC

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INSIDE

Russian platinum exports hit record

Russia's platinum exports spiralled last year to reach a record 1.1m troy ounces worth at least $363m, according to Johnson Matthey, the world's biggest platinum marketing group. This was one third higher on the previous year when exports were also extraordinarily high by recent standards. Page 28

MBO at Standard Fireworks

Mr Mel Barker (left), managing director of Standard Fireworks, Europe's biggest fireworks manufacturer, with Mr Stephen Ross, investment director of 3i, following the £27m ($49.4m) management buy-out from Scottish Heritable Trust. Page 25

Foster's buoyed by merger offer

Shares in Foster's Brewing Group rose yesterday as investors digested the merger proposal from SA Brewing which offers a lifeline to Mr John Elliott, Foster's former chairman. Page 23

Small businesses in firing line

Small businessmen have moved to the front line in the battle for Midland Bank. Lloyds, the unwelcome suitor for Midland, is claiming that, in spite of having a reputation for the highest charges for small business customers, small businesses would eventually benefit if it were to buy Midland. Both banks have about 15 per cent each of this small and politically powerful sector. Page 27

John Wood at record £173.8m

John Wood Group, one of Britain's leading oilfield services groups, increased sales 44 per cent from £120.8m to a record £173.8m ($318m) in the year to December 31 1991. Pre-tax profits rose 78 per cent to £16.9m. Page 25

ACT advances 21%

ACT, the Birmingham-based computing services company, yesterday reported sales for the year to March 31 up 21 per cent at £119.4m ($218.5m) and pre-tax profits 34 per cent higher at £17m. Page 26

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Asko Prf	682	+	17
BMW	579	+	18
Daimler-Benz	786.8	+	21.3
Linde	844	+	24
Volkswagen	386	+	14.5
Falls			
Philips Kommun	580	–	15

NEW YORK ($)

Rises			
Airgas	29¼	+	2¼
Sap	34⅞	+	⅞
Falls			
Barnett Banks	35¾	–	3½
Deere	44½	–	1¾
Hewlett-Packard	74⅜	–	2¾
McDonnell Doug	43½	–	4⅝

PARIS (FFr)

Rises			
Dollfus Mieg	368.6	+	10.6
Lyonn Eaux	570	+	12
Soc Generale	556	+	18
Falls			
Accor Entrepr	589	–	62
Orsan	240	–	12
Total B	248.2	–	11.8

TOKYO (Yen)

Rises			
Japan Metals	810	+	85
Kinmon Mfg.	1190	+	120
Koatsu Gas	731	+	75
Nissan Fire	1580	+	200
Terumo	870	+	100
Falls			
Lec	50	–	5

LONDON (Pence)

Rises			
AutomatedSec	118	+	10
Berry Birch	95	+	6
Border TV	109	+	9
Bumdene	240	+	19
Chrysalis	85	+	8
Clayton, Son	118	+	24
Clinton Cards	120	+	8
Colorvision	163	+	21
Dart	85	+	12
First Nat Fin	75	+	8
Jarvis Porter	136	+	10
Kleinwort Bnsn	298	+	17
Lookers	116	+	8
Misys	284	+	13
Portsmth Sund	470	+	32
Proteus	380	+	34
Riva	16	+	6
Storehouse	136	+	8
Transfer Tech	548	+	28
Falls			
EMAP	286	–	11
Hartstone	241	–	14
Ocean Wilsons	56	–	4
Sherwood Comps	250	–	20
World Leather	58	–	5

Goldman buys Omni's 20% stake in Sulzer

By Ian Rodger in Zurich and Angus Foster in London

GOLDMAN Sachs, the US investment bank, has acquired the 20 per cent stake in Sulzer Brothers, the Swiss engineering group, formerly held by Omni, the collapsed Swiss investment group.

Goldman paid about $180m for the shareholding, which will be broken up and placed through the market.

The transaction marks a victory for Sulzer in a lengthy, but discreet, tussle with the administrators of the Omni bankruptcy over disposition of the shares.

The administrators, Coopers & Lybrand, wanted a quick sale and thought they could get a premium price by finding an industrial partner who would be interested in participating in Sulzer's business.

Sulzer's directors agreed in principle, but were unable to come to terms with any of the candidates that were brought forward.

In particular, it became clear that they were determined to remain independent and were unwilling to concede a significant share of decision-making.

Even though the block constituted 20 per cent of the shares, Sulzer has a clause in its bylaws enabling it to restrict the proportion of shares voted by any one shareholder to 2 per cent.

In a statement in March, the directors said the failure to reach an agreement stemmed from the insistence of interested parties in taking a majority holding in Sulzer or controlling certain business sectors.

Privately, they said it was not their problem, and the best solution would be to sell the shares in the market.

Goldman acquired 44,000 shares in Sulzer yesterday morning. The transaction was completed before a 10-for-one share split, a separate development, which Sulzer hoped would make its shares more marketable.

Goldman said it would place the shares in blocks "not to exceed" 2 per cent with Swiss and international investors. A spokeswoman for the investment bank said last night the placing was going well.

While no terms for the sale were revealed, a guide for the value of the block was established in the sale in early March of another 5 per cent block associated with the Omni bankruptcy.

At the time, Sulzer Brothers and Ebara, the leading Japanese pump maker, agreed to take 5 per cent share stakes in each other.

The Sulzer shares for the transaction were valued at SFr66m.

Taiwan proposes new Douglas deal

By Luisetta Mudie in Taipei

TAIWAN Aerospace has proposed a new deal with McDonnell Douglas, the US aircraft manufacturer, which would initially rule out any large equity investment by Taiwanese investors.

It would involve setting up a third company to act as a financing arm to buy a new range of aircraft from the US group.

The US company last year unveiled a plan to hive off its Douglas commercial aircraft operations, based at Long Beach, California, and sell up to 49 per cent of the business to Asian partners. The plan was designed to help it launch a programme to develop the MD-12, a new 400-500 seater wide-bodied jet.

McDonnell Douglas in November signed a memorandum of understanding with Taiwan Aerospace in which the 29 per cent government-owned company would pay $2bn for a stake of up to 40 per cent in the Douglas commercial aircraft business.

However, the venture has been criticised by Taiwan legislators concerned by the US company's financial position and declining share of the commercial airliner market. A recent study by Taiwan said the deal was "high risk", but offered a "great opportunity".

The new proposal appears to be a compromise aimed at managing the risks while attempting to reassure potential investors and critics. Under the scheme, Taiwan proposes to acquire a large number of MD-12 aircraft, with the option of investing in an equity stake later.

Mr Denny Ko, Taiwan Aerospace president, said the deal would set up a separate finance company with government and private backing, which would place an order for up to $2bn worth of MD-12 aircraft. It would provide McDonnell Douglas with a standby letter of credit for the full cost of the aircraft, but conditional on the US company booking orders for up to 30 new aircraft with airline customers.

Mr Ko said another option under consideration would involve granting McDonnell Douglas government-backed loans convertible to equity at a later date if the company performed on target.

Taiwan might initially also make a token equity investment as a gesture of good faith. Taiwan Aerospace is still hoping to attract to Taiwan the production of the wings and fuselage of the MD-12.

Mr Yang Shi-jian, economics vice-minister, said the government would co-ordinate negotiations and find investors for the deal.

McDonnell Douglas has been anxious to reorganise its commercial aircraft business and find equity partners to help support the development of the MD-12. The company this month unveiled the proposed design for its new aircraft. It is a four-engine double-deck jumbo which challenges Boeing's 747.

Club Med in venture with US cruise line

By Alice Rawsthorn in Paris

CLUB Méditerranée, the French holiday group, is joining forces with Carnival Cruise Lines, the US travel company, to launch a new cruise holiday concept in Europe and Asia.

The two groups have signed a letter of understanding for their joint venture, but have yet to finalise the details of the deal, according to Mr Micky Arison, chairman and chief executive of Carnival.

Club Med and Carnival initially plan to launch a cruise holiday package combining Carnival's expertise at running cruise ships with Club Med's experience with holiday villages.

The package, which will be launched in the Mediterranean in summer next year, will be targeted at European clients.

When the venture is established, the two companies will consider launching a mass-market cruise package for the Asian market.

Although the concept of cruise holidays is already well-established in Europe and Asia, it is not as popular as in Carnival's home US territory.

For Club Med, one of Europe's largest holiday groups, the link with Carnival is the latest in a number of joint ventures intended to diversify its interests.

Last autumn it joined forces with LTU, the German charter airlines, to launch an up-market holiday village business aimed at the German market.

Club Med is still licking its wounds after a sharp swing into a loss of FFr17m ($3.04m) from net profits of FFr395m in its last full financial year to October 30.

Although the whole international travel industry was disrupted by the Gulf war last year, Club Med was badly hit because of its concentration in the south and eastern Mediterranean in Greece, Turkey, Israel and Morocco.

It was also vulnerable because it had expanded its airline interests the previous year by taking control of Air Liberté and Minerve in France.

A distinct feeling of nervousness is evident among the shoppers inspecting British Coal, writes Juliet Sychrava

Offering a bag of mixed fortunes

If the UK government's privatisation programme were a rummage sale, British Coal would be that box of curios on the white elephant stall that nobody is quite sure if they want to buy.

Oil, gas and electricity have been snapped up by consumers, and the proceeds spent. But British Coal sits there, shrinking by the month as pit after pit closes, waiting to see how the stallholder will get rid of it.

British Coal, the state-owned coal company nationalised in 1947, is due to be sold off next year, almost definitely to trade purchasers. The company is already a shadow of its former self. In 1947 it owned 1,400 pits, today it has 49, a number that is still falling.

Although it is smaller, it is more profitable. Ever since the government restructured the company in March 1990, it has cut costs dramatically, and last year earned its first profit – £80m ($146.8m) – for 13 years. This year profits will be up again.

But in spite of this, British Coal's peculiar nature could mean it is left on the government shelf. It is peculiar in world terms because it sells most of its 91m tonnes of coal output to the UK electricity industry, on long-term contracts. Because electricity was privatised last year, the future of these contracts is uncertain. And, in spite of British Coal's powerful presence in the UK, it mines coal that would be considered uneconomic outside Europe.

That is not to say that companies have not expressed interest in British Coal. For instance, Mr Richard Budge, chairman of the private coal company Budge Mining and of the Federation of UK Coal Producers, is prepared to buy the whole thing.

Budge may be small, but it is robust, with a turnover of £100m and a profit so healthy Mr Budge is reluctant to let his customers know what it is.

He is also reluctant to put a price tag on British Coal.

"It is very difficult to value – it could be completely worthless. It doesn't make any money, and the coal will be vested in the state. The value is really the right to work the coal reserves."

Rival predator Mr Crispian Hotson, chairman of private UK coal company Ryan Group, goes further. By selling its coal at world market prices British Coal could generate revenues of more than £1bn, he says.

But, however keen UK private coal companies such as Budge, Ryan and Young Group, another strong contender, may be, it is by no means clear they could all afford to buy.

Ryan has been highly geared since a difficult management buy-out in 1989 – an interest charge of £20m wiped out its profit last year. It has just restructured its finances to be able to bid for British Coal, securing £50m in equity and £65m in debt from a City of London consortium.

Meanwhile, Young Group last month arranged a refinancing package led by Sir Ron Brierly's BIL Securities which brought it back from the verge of collapse.

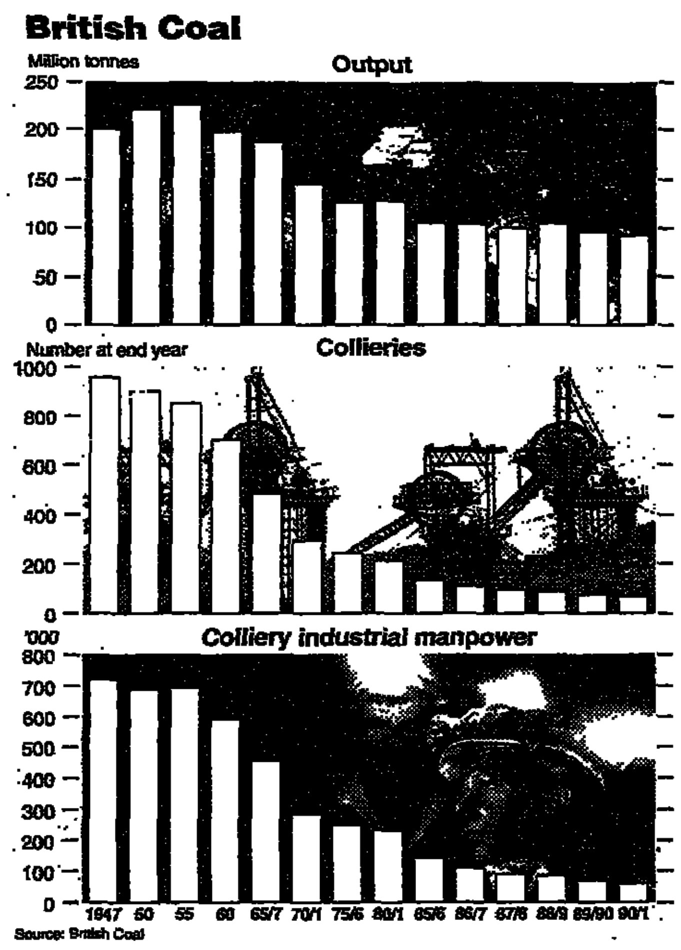
Whether richer international companies will want to bid for British Coal is an open question. Companies such as RTZ, Shell and Anglo-United, say they might be interested in the right package. But the fact remains that most UK coal is uncompetitive on the world market.

"The UK is one of the world's disaster areas in terms of capital cost compared with other investments you can make," the coal director of one company said. Whereas a mine in Australia could produce 50 tonnes per manshift, British Coal mines were lucky to manage 12 tonnes.

"Even the 12 mines identified by NM Rothschild [the merchant bank advising the government on privatisation] as profitable are only competitive if you deliver coal to a nearby station," he added. "And once you get into the other mines you are into really bad geology."

The heart of the problem, the companies say, is that British Coal is a curate's egg. Bits are good, bits are bad, and bits are downright inedible.

"Say you get five mines, and have to shut four down to get one that survives, that's a deterrent," one company said.



What most of the companies seem to agree on is that they could run pits more cheaply than British Coal.

Mr Budge says he could cut 20 per cent of costs, and the Union of Democratic Mineworkers (UDM), which hopes to stage a management buy-out of all or part of the company, is understood to have a similar figure.

But the critical question facing potential buyers is whether the contracts British Coal is due to sign with the electricity industry can be transferred to successor companies. Mr Malcolm Edwards, formerly commercial director of British Coal, says: "The company is only interesting if you can transfer the order books at the price signed in the new contracts." The price, he explains, will include a premium the electricity industry has always paid for British Coal.

There is no reason to believe that premium will be transferable, he believes. Without it, interest in British Coal will evaporate.

But one coal industry executive dismisses this as "utter rubbish". "The reserves, and the position of UK coal in Europe makes it strategically important. Coal is so important in Europe, that anyone in coal must take Europe seriously," he says.

For instance, British Coal could make a profit exporting into Germany if the country stopped protecting its market with subsidies, he points out.

Meanwhile, US companies with UK connections such as Peabody might, if permitted, simply want a foot in the UK door while, Mr Edwards suggests, South African companies could see it as a way of buying respectability.

But there is a distinct feeling of nervousness among the shoppers inspecting British Coal. One sign of that is widespread reports that they are considering forming risk-sharing consortia which could buy up groups of assets and split them later.

There is also anticipation, as the companies wait for the government to decide how it will divide British Coal.

Young, Budge and Ryan work as contractors for British Coal opencast or surface mining business and would like a slice of this appetising part of British Coal which makes around £150m a year, compared with British Coal's £80m.

But it is not clear whether this will be sold off separately, or mixed with less profitable deep mines. Nor is it known how the deep mines will be split, although the likelihood is a rough north/south division.

But who will get the valuable British Coal ivory, and who will land the elephant's foot waste paper basket, remains to be seen.

Lonrho chief holds talks with Gadaffi in Tripoli

By Julian Ozanne, Africa Correspondent, in Tripoli

MR TINY Rowland, chief executive of Lonrho, yesterday had a two-hour meeting with Col Muammer Gadaffi in the Libyan leader's heavily fortified offices in central Tripoli.

Last night Mr Rowland was still talking to government officials in Tripoli about what are believed to be "substantial misunderstandings" between Libya and the UK-based conglomerate.

Lonrho sold a one-third stake in its Metropole Hotels to Libya for £177m ($324.8m) in March, but yesterday denied that it planned to sell its African interests, including gold and platinum mining operations, to Libya.

The denial was issued in response to a Sunday newspaper article, which Lonrho said was based on claims by an individual with whom Lonrho was in legal dispute.

Last night Mr Rowland, accompanied by Mr Mark Too, deputy chairman of Lonrho East Africa, was meeting in Tripoli's five-star Al Mahary hotel with a Libyan minister and representatives from the Libyan Arab Foreign Investment Company, the Libyan government's investment agency.

The US administration is investigating Lonrho's dealings with Libya, after secret visits by Mr Rowland to Col Gadaffi. Lonrho has denied that the investigation might lead to the company being blacklisted in the US.

Lonrho has been keen to reduce gearing by disposals. Earlier this month it sold George Outram, publisher of The Herald and Evening Times in Glasgow, for £70m.

Procter & Gamble Italia S.p.A.
a subsidiary of
The Procter & Gamble Company
has sold its
Splendid
Splendid and Caramba Coffee Division
to
Jacobs Suchard AG

We acted as financial adviser to
Procter & Gamble Italia S.p.A.

Goldman Sachs
Goldman Sachs International Limited

April 1992

Whitbread tumbles 24% but hoists year's payout

By Philip Rawstorne in London

WHITBREAD'S pre-tax profits last year slid 24 per cent to £222.1m ($397.55m) as the UK brewing and retail group was exposed to the full blast of the recession in south-eastern England.

More than half the fall in profits – Whitbread's first since 1976 – was accounted for by a £37m exceptional charge against bad and doubtful debts among the group's free-trade loans.

Trading profit during the year to February 29 was 7 per cent lower at £227.7m on turnover up 6 per cent to £2.19bn. An extraordinary charge of £32.6m includes the disposal of the European Pizza Hut operations.

Earnings per share fell 24 per cent to 35.78p.

A final dividend of 12.4p, against 12p a year earlier, lifts the full year payment 4 per cent to 16.95p.

Mr Peter Jarvis, chief executive, said yesterday the group's trading performance had been stronger than the results indicated.

Trading performance in the past two months had been satisfactory, he said. There had been no recovery yet in restaurants and hotels but managed pub business was ahead of last year.

"I am very optimistic about our prospects when consumer confidence returns," Mr Jarvis added.

Whitbread's beer division slightly increased its share of the total beer market to 13.2 per cent. Operating profits rose 2 per cent to £67.6m on turnover 4 per cent ahead at £889.4m.

Sales of Boddingtons bitter have doubled since the group acquired the brand in 1989 while Murphy's Irish stout achieved retail sales of £70m in its second year of national distribution.

Reorganisation of the tenanted pub estate, including the sale of 500 pubs, led to a 3 per cent decline in profits to £63.9m on turnover of £241.3m, 12 per cent lower.

Almost 1,500 tenanted pubs have now been converted to 20-year tied leases with average rent increases of between 40 per cent and 50 per cent.

Profits from managed retail operations fell 8 per cent to £119.9m on turnover that increased from £1.24bn to £1.38bn.

Beefeater outlets boosted profits 18 per cent.

Lex, Page 18

Mannesmann profits fall further

By Andrew Fisher in Frankfurt

MANNESMANN, the German engineering, motor components and steel tubes group, suffered a further fall in profits in the first quarter of 1992, mainly as a result of high start-up costs for its mobile telephone operation.

It gave no profit figure for the period, which saw turnover rise by 25 per cent to DM6.1bn ($3.7bn) and new orders by 36 per cent to DM8.1bn. Foreign business, including exports and sales by subsidiaries abroad, was 18 per cent up at DM3.3bn.

The company said profits in its machinery and industrial plant divisions were also burdened by the weakness of the economy and increasing pressure on prices for standard products. The steel tube business was stable, however.

The Brazilian subsidiary showed an improvement after last year's losses, while motor components – including VDO and Boge for the first time – performed more favourably.

Last year, the group's net profits fell 43 per cent to DM263m. Mr Werner Dieter, the chief executive, has said he is "not pessimistic" about this year, despite the shaky start. Mannesmann's new D2 cellular telephones business is due to start this summer.

Ares-Serono jumps 25% on increased drug sales

By Ian Rodger in Zurich

ARES-SERONO, the leader in human fertility drugs, said its net income from operations in the first quarter jumped 25 per cent to $16.6m, with pharmaceutical sales particularly strong in the US, Germany, France and Japan.

Sales gained 15.5 per cent to $198m and operating income was up 18.3 per cent to $38.1m. Net income after the extraordinary gain on the sale of the group's over-the-counter division to American Home Products in March was $44.7m, or $82.20 per share, compared with $13.5m, or $24.76.

● EMS Chemie, the Swiss speciality chemicals group, said its net income jumped 20 per cent to SFr28.9m ($19m) in the first four months of 1992, thanks largely to cost cutting. A rise in sales of 19 per cent to SFr301m reflected the acquisition of the Swedish automotive chemical group Dinol at the end of 1991 and a weak performance in the comparative period due to the Gulf war.

The directors said their original forecast for the year of at least 10 per cent sales growth and solid profit margins still seemed realistic.

Using family ties to take on IBM

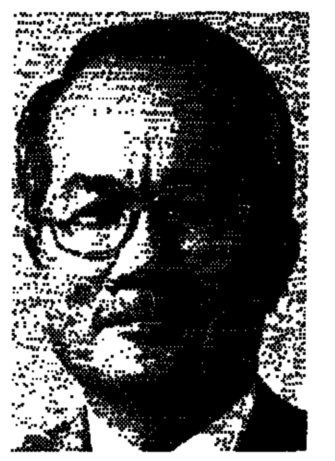
Alan Cane on the developing relationship between Fujitsu and ICL, one of its global network of associates, as they battle flagging profitability and market changes

Collaboration between Fujitsu and its global "family" of associate companies is intensifying as Japan's leading computer manufacturer seeks to revive profitability and stalk International Business Machines (IBM) for leadership of the worldwide computer business.

The list of projects includes a development with ICL which could lead to the UK company challenging IBM's mainframe superiority; research into computers which recognise handwriting with the US-based company Poquet; and developments in computer communications with Amdahl, the US-based large computer supplier.

Fujitsu, like other Japanese mainframe computer-makers, has seen a steep decline in profitability this year as Japanese banks and securities houses, traditionally heavy spenders on large computer systems, cut back on orders and information technology investment.

Mr Toshio Hiraguri, managing director of Fujitsu Ltd., which has responsibility for all Fujitsu's computer families, said the Japanese market was also being affected by the structural changes which were



Toshio Hiraguri

damaging profitability among western computer manufacturers. Customers, he said, were moving to common standards and smaller, less expensive computers, a phenomenon known as 'down-sizing'.

Mr Hiraguri said Fujitsu was keen to increase the share of revenues coming from software and services compared with hardware.

It is determined to develop software products which can be used on Fujitsu computers and those of its competitors. An example was "Graphicspower" software which makes writing particular kinds of programs easier, and which was developed jointly by Fujitsu's artificial intelligence centre in Kawasaki and an ICL group in Dublin.

Technological links between Fujitsu and ICL, which began in the early 1980s, are now being cemented by exchange of research staff between London and Tokyo, and frequent video conferences. Mr Hiraguri confirmed that ICL engineers were helping Fujitsu to design fibre optic communications systems to be incorporated into the company's large mainframe computers, which operate in the same way as IBM's large systems.

He said, however, that the system could also be incorporated into ICL's mainframes – which are not compatible with IBM's – making it possible for them to act as the heart of an IBM data processing system. Such a development would give ICL new credibility among companies which use IBM hardware exclusively.

Business links between the two companies have also been strengthened through a reorganisation this year which placed parts of Fujitsu's operations in the US and Europe under ICL's control. In the US, for example, where both ICL and Fujitsu market systems for the retail trade, a single company under ICL management has been formed.

Not all Fujitsu's overseas investments have proved instantly successful. Poquet developed a pocket-sized computer compatible with IBM's personal computer, but manufacturing and technical glitches meant weak sales. An improved version, which can recognise handwritten characters, is expected to do better.

Plastow to become Inchcape chairman

By Jane Fuller in London

SIR DAVID PLASTOW is to become chairman of Inchcape, the motor and business services group, after his retirement from Vickers, the engineering group that includes Rolls-Royce Motor Cars.

Sir David has just reached 60 and retires as chairman and chief executive of Vickers at the end of this month. He begins in September at Inchcape, an international distributor of cars, consumer goods and business machines and a provider of services such as insurance and shipping.

He is leaving Vickers at a difficult time. The company made a pre-tax loss last year, the dividend was cut, and many jobs were shed. It also remains unclear whether Rolls-Royce will be kept or sold, after surviving Sir Ron Brierley's attempt to demerge it two years ago.

Sir David's decision to retire at 60 was taken in 1983. His successors – Sir Colin Chandler as chief executive and Sir Richard Lloyd as non-executive chairman – were named more than a year ago.

The chairmanship of Inchcape is the latest and most important of a series of board appointments prepared during the past year in addition to his role as joint deputy chairman of Guinness, the drinks group. These include the deputy chairmanship of TSB Group and a directorship at Cable and Wireless, the telecoms group.

Sir David will be based at Inchcape's head office in St James's, London. His role will include overseeing the board and communicating with shareholders.

Observer, Page 17

COMPANY NEWS IN BRIEF

State-run utilities in link

ELECTRICITE de France plans to tighten links with the Spanish state-run utility Empresa Nacional de Electricidad (Endesa) but a share swap is out of the question, according to Mr Pierre Delaporte, EdF chairman, AP-DJ reports from Madrid.

Mr Delaporte said the state-owned EdF had signed an agreement with Endesa to collaborate in coal production centres in the Spanish towns of Puertollano and Teruel.

Endesa, meanwhile, would contribute to the operations at EdF's nuclear energy plant in Civeaux. However, the chairman denied speculation that a share swap took place.

Endesa and EdF are also discussing making a joint bid in the privatisation of the Argentine energy distributor Servicios Electricos del Gran Buenos Aires (Segba).

■ Telefonica, Spain's state-run telecommunications monopoly, announced yesterday that net profit rose 12.9 per cent to P12.2bn ($119.6m) in the first quarter of 1992, Reuter reports from Madrid.

Telefonica attributed the rise to efforts to contain costs and to a strong increase in operating income.

■ Wella, the German haircare and cosmetics group, saw a sharper rise in net profit than in sales in 1991, but it remained a long way from its stated goal of a 4 per cent return on turnover, Reuter reports from Darmstadt.

The company said its group net profit had risen 7.2 per cent to DM81.7m ($49.8m) while sales had gained 5.6 per cent to DM2.71bn. This made the return on sales just above 3 per cent.

German insurer pays extra DM5 dividend

AACHENER und Muenchener Versicherung, the non-life arm of German insurance group Aachener und Muenchener Beteiligungs, said it would pay a DM5 dividend in addition to an unchanged DM10 dividend on 1991 results, Reuter reports from Frankfurt.

AMV said that the company wanted to reward shareholders from extraordinary income it received in 1991 linked to the sale of its Badenia shares package to the parent.

Ciments Français offer

By Peter Bruce in Madrid

CIMENTS Français, the French cement producer, said yesterday it was offering Pta4,587 a share for the remaining 22 per cent of Cementos Rezola, the biggest producer in Spain's Basque Country, which it does not already control.

The offer would cost Ciments Français some $44m, and has been set at a premium of 93 per cent of Rezola's current share price.

Ciments Français has already said it plans to delist Rezola once it gains full control. The Basque producer will probably be absorbed into Ciments Français' larger Spanish affiliate, Financiera y Minera, one of Spain's biggest cement producers.

The Ciments Français offer comes just a few days after Corporacion Banesto, the industrial arm of the Banesto banking group, offered a premium of 32 per cent to buy out and delist Sanson, another cement producer from northern Spain.

Analysts say the moves reflect further consolidation in the Spanish cement sector.

Lafarge sees modest development

LAFARGE Coppée, the French building materials group, expects to continue to rein in investments in 1992, according to Mr Bertrand Collomb, the chairman, Reuter reports from Paris.

He said the group anticipates that its net debt will grow modestly this year. The company can finance development without turning to the bourse for new equity capital.

Mr Collomb said that the group had set itself a goal of "a more modest pace of development than in recent years...without sacrificing expansion."

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February 1992

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ROSS WHITE ENTERPRISES INC
A Florida corporation doing business as National Computer Distributors

has issued and sold

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and Warrants for the Purchase of Class A Common Stock

The undersigned provided and arranged the financing for this transaction

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MILL COURT PROPERTIES LIMITED
(a single purpose Jersey company)

has acquired

MILL COURT
Wolverton Mill, Milton Keynes
(36,308 sq. ft of office space)

Financed by

ARAB NATIONAL BANK
London Branch

The acquisition was initiated and the financing arranged by

THE CAPITAL TRUST GROUP

Capital Trust Limited, 49 Mount Street, London W1Y 5RE
Capital Real Estate Limited, 49 Mount Street, London W1Y 5RE

March 1992

CT This announcement appears as a matter of record only

PRINCES COURT LIMITED
(a single purpose Jersey company)

has acquired

PRINCES COURT, KNIGHTSBRIDGE
78/94 BROMPTON ROAD, LONDON SW3
(9 retail units, 13,600 sq. ft of office space and 79 apartments)

The acquisition was initiated and the financing arranged by

THE CAPITAL TRUST GROUP

in conjunction with

ENGLISH & OVERSEAS PROPERTIES PLC

Capital Trust Limited, 49 Mount Street, London W1Y 5RE
Capital Real Estate Limited, 49 Mount Street, London W1Y 5RE

April 1992

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FINANCIAL TIMES

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Two Centuries of Private Banking

Key Data

In SFr. m	1990	1991	% Change
Net Revenues	60.5	66.6	10
Cash Flow	16.4	18.4	12
Net Income	12.8	14.1	10
Dividends	7.2	7.2	—
Total Assets	359.5	387.0	8
Capital and Reserves	103.1	109.7	6
Staff	239	221	-8

The Bank's operational results for fiscal 1991 were up by roughly 10% over the previous year.
Although revenues fell short of projections, our situation improved as regards operating expenses and client assets. Total deposits grew by over 15%, chiefly fueled by good portfolio performance. Allowing for the further reduction in our staff, aggregate client assets per employee rose 25%. This enhanced efficiency is obviously the fruit of our relentless efforts to rationalize, as well as of the capital spending we have undertaken for this purpose in recent years.

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NORWAY

The FT proposes to publish this survey on June 23rd 1992.
The survey will be included with every copy of the FT on that day and will reach over 1 million readers in some 160 countries world wide. In Europe alone, research shows that 54% of Chief Executives of the largest Companies read the Financial Times.*
To reach this important audience with your advertisement, please contact,
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Data source:* Chief Executives in Europe 1990

FT SURVEYS

Notice of Interest Rates

To the Holders of

The United Mexican States
Collateralized Floating Rate Bonds Due 2019

NOTICE IS HEREBY GIVEN that the interest rates covering the interest period from May 15, 1992 to November 16, 1992 are detailed below:

Series Designation	Rate	Interest Amount	Interest Payment Date
USD Discount Series C	4.82813 Pct. P.A.	USD 24.81 Per USD $1,000	November 16, 1992
CAN Discount Series	7.29167 Pct. P.A.	CAN 37.47 Per CAN 1,000	November 16, 1992

CITIBANK, N.A., Agent

INTERNATIONAL COMPANIES AND FINANCE

Japanese company results reflect the country's economic downturn

Sony subsidiaries post profit declines for year

By Emiko Terazono in Tokyo

SONY Music Entertainment, the music arm of the Sony group, saw unconsolidated pre-tax profits fall just over 3 per cent to Y16bn ($122m) for the fiscal year to March because of the costs of its new listing on the second section of the Tokyo Stock Exchange.

Investors were pleased that the drop in earnings was limited to 3 per cent and bid up the price of Sony Music shares by Y130 to Y4,830 yesterday.

The company which last year signed a contract with pop star Michael Jackson recorded an after-tax profits decline of 8.8 per cent to Y8.5bn.

But the company saw a strong 10.9 per cent rise in sales to Y92.9bn, thanks to a 13 per cent increase at its domestic record division to Y52.3bn, and a 16 per cent advance at its international record division to Y12.3bn.

For the year to March 1993, Sony Music expects a 3.8 per cent increase in sales to Y96.4bn and a 32.9 per cent rise in pre-tax profits to Y21.4bn.

Sony Chemicals, the videotape manufacturing affiliate, suffered a sharp fall in earnings due to sluggish demand from the electronics industry.

The company posted a 22.4 per cent decline in pre-tax profits to Y3.1bn on a 5.4 per cent fall in sales to Y36.1bn. After-tax profits fell 21.8 per cent to Y1.6bn.

Sales of magnetic videotapes, the company's mainstay, fell 13.8 per cent to Y16.5bn.

Bonding materials, such as industrial glues and tapes, fell 5.9 per cent to Y8.5bn due to the slowdown in the electrical and construction industries. Sales of electrical parts grew 20.6 per cent to Y7.3bn, thanks to increasing demand for camcorders and compact disc players.

For the current year Sony Chemicals expects a slow recovery in demand due to sluggish capital spending by companies. The company forecasts a 4.2 per cent fall in pre-tax profits to Y3bn on a 7.2 per cent rise in sales to Y38.7bn.

Taiyo Fishery reduces deficit

By Robert Thomson in Tokyo

TAIYO Fishery, the Japanese fishing company attempting to transform itself into a general food producer, reported a pre-tax loss of Y3.6bn ($27.6m) for the year to the end of March, reduced from a Y6.1bn loss in fiscal 1990.

The company said streamlining its trawler operations led to a 3 per cent fall in sales to Y525.9bn, but the success of its restructuring programme would create a pre-tax profit of Y1bn in the current year on sales virtually unchanged at Y526bn.

Mainline fish products fell from 57.1 per cent to 54.1 per cent of total sales, but sales from other types of processed foods rose from 8 per cent to only 9.4 per cent of the total, reflecting tough competition in the Japanese food industry.

The company said the downturn in the Japanese economy had affected sales, although consumer demand for daily goods, including fresh and processed foods, had remained healthy, with a 4.8 per cent increase in chain store sales last year.

Taiyo said capital spending for the current year would fall to Y4.1bn from Y5.3bn, and the company revised forecasts for consolidated returns, with a pre-tax loss now expected to be Y2.6bn, up from Y1.5bn.

Chemical maker tumbles 53.4%

By Neil Weinberg in Tokyo

MITSUBISHI Kasei, Japan's leading chemical maker, unveiled a 53.4 per cent plunge in pre-tax profit to Y13.3bn ($102m) and a 5.6 per cent drop in sales to Y727.2bn for the year to March 1992.

Net profit also fell sharply, by 71.2 per cent to Y5.3bn.

The weak performance was the result of falling demand for petrochemicals and coke in the car, electric machinery, steel and other industries as the domestic economy slowed.

Sales of coke fell on weak domestic and overseas demand and the phasing out of the fuel by steelmakers as they introduce more sophisticated furnaces, Mitsubishi Kasei added.

Demand for carbon black used with rubber remained steady, but synthetic rubber sales fell, while turnover of ammonia products increased.

Overall, petrochemical sales were down 9.5 per cent to Y271.6bn and carbon products 7.9 per cent to Y203bn. The company's export sales slipped 0.5 per cent to Y89.4bn, accounting for 12.2 per cent of the total.

Mitsubishi Kasei reduced cash and savings deposits 23 per cent to Y71.6bn, while short-term borrowings shot up from Y190m to Y6.6bn. The value of its securities portfolio declined 8 per cent to Y98.9bn.

Mitsubishi Kasei expects sales to decline marginally for the year to March 1993 to Y770bn. Although pre-tax profits are seen gaining 5.4 per cent to Y14bn, net profits are forecast to fall 62 per cent to Y7bn.

Mitsui Fudosan hit by slump

By Emiko Terazono

MITSUI Fudosan, Japan's leading real estate company, revealed that non-consolidated pre-tax profits for the year ended March declined for the first time in 16 years.

The real estate slump has hurt the company severely, and its pre-tax profits fell 19.4 per cent to Y46.2bn ($354m). However, overall revenue rose 19.4 per cent to Y881.2bn.

After-tax profit edged down 1.1 per cent to Y29bn. Mitsui blamed the poor earnings on increased construction costs and heavier interest burdens. Interest payments surged 22 per cent due to growing debts.

A sharp increase in advertising in a bid to counteract the sluggish property market conditions also hit the company. Mitsui also faces a new tax burden of Y7bn, due to the introduction of the new land holding tax in January.

For the current year, Mitsui forecasts a 13.5 per cent fall in pre-tax profits to Y40bn on revenue of Y900bn.

● Fujita Corp, a leading Tokyo redeveloper, reported gains of 20 per cent in pre-tax profits to Y43.5bn and 5.2 per cent in net profits to Y17.1bn for the year to end-March, writes Neil Weinberg. Sales advanced 10.2 per cent to Y820.4bn.

Fujita noted a rise in public works related orders in contrast to a sharp drop in housing activity and weakness in the construction industry.

Fujita projects sales will rise 10 per cent to Y900bn in the year to March 1993. Pre-tax profits are seen dipping to Y43.5bn while net profits are expected to rise 8 per cent to Y17.5bn.

Sumitomo Realty suffers setback

By Emiko Terazono

SUMITOMO Realty and Development, the Japanese real estate developer, yesterday reported a steep decline in non-consolidated pre-tax profits for the fiscal year ended March.

The fall was due to sharp increases in interest payments and appraisal losses on its securities holdings.

Pre-tax profits plunged 30.6 per cent to Y25.2bn ($193.5m), despite a 19.3 per cent increase in sales to Y223.2bn and a 24.7 per cent rise in operating profits to Y66bn. After-tax profits fell 0.4 per cent to Y19.6bn.

Sumitomo's non-operating deficit grew 2.5 times to Y40.8bn due to a 25.2 per cent fall in interest and dividends received and a 20.5 per cent increase in interest payments to Y41.2bn. The company booked Y11.4bn in latent losses on its securities holdings.

Short-term borrowings grew by 13.3 per cent to Y410bn while long-term borrowings surged by 3.1 times to Y47.4bn. Sumitomo plans to procure fresh funds of more than Y100bn through bank borrowings and corporate bond issues.

For the year to March 1993, the company expects pre-tax profits to decline 18.8 per cent to Y20.5bn on a 7.5 per cent rise in sales to Y240bn.

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The Financial Times and Price Waterhouse have responded to market needs by developing a two day event on Managing Financial Risks.

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MANAGING FINANCIAL RISKS

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Highlights from our Annual Report as of December 31, 1991

1990		1991
DM 7,069 million	Business Volume	DM 7,800 million
DM 5,889 million	Total Assets	DM 6,801 million
DM 4,397 million	Deposits	DM 5,251 million
DM 4,656 million	Bills and Advances	DM 4,838 million
DM 1,007 million	Equity	DM 1,020 million

The personally liable partners

Cologne/Frankfurt, May 1992

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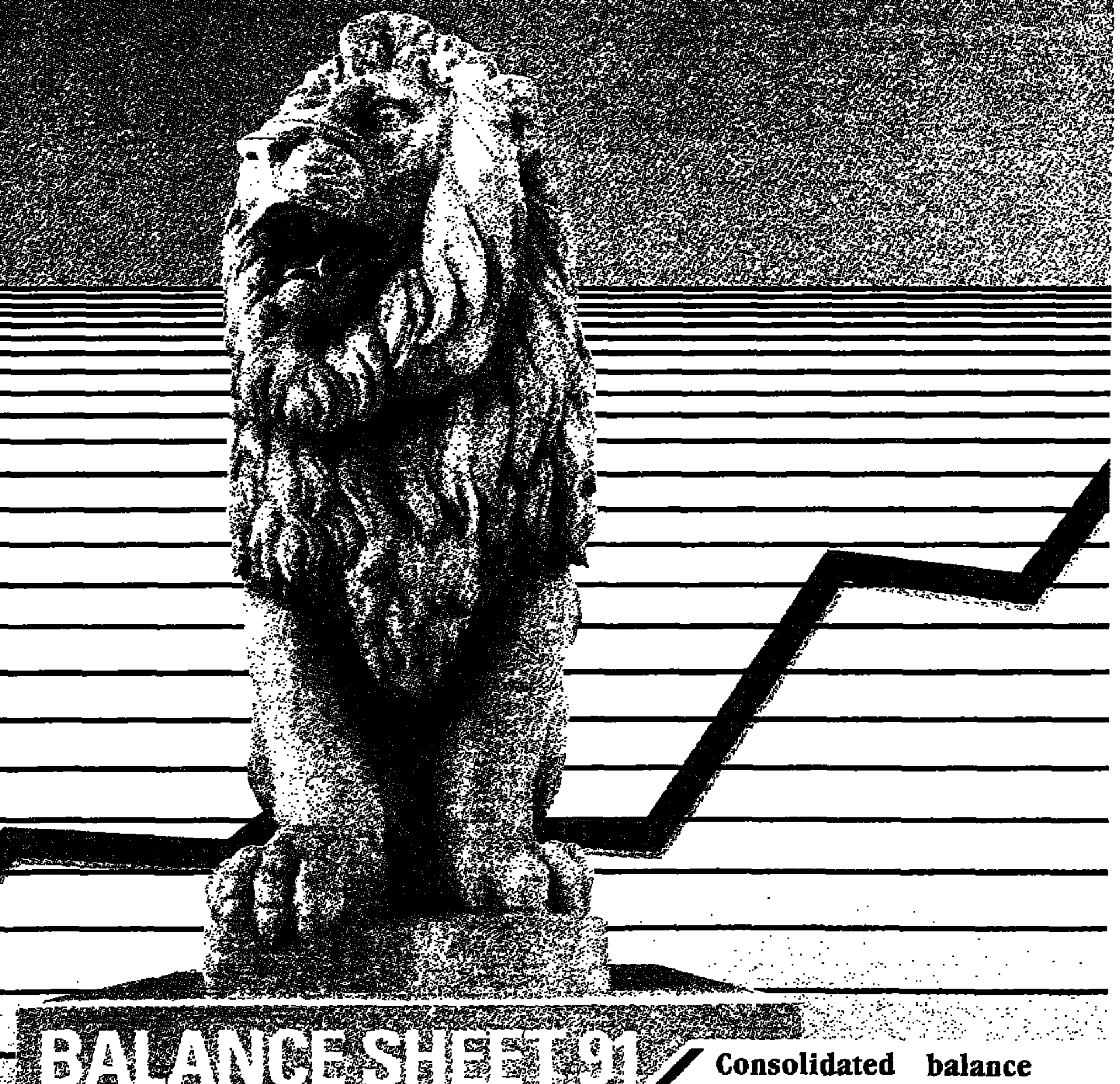


BALANCE SHEET 91

Consolidated balance sheet: DM 185 billion (+9%) • Sales of own bonds: DM 17 billion (+6%) • Total lending volume: DM 118 billion (+14%) • Due to creditors: DM 85 billion (+10%) • Total equity: DM 4.3 billion • Transfer to reserves: DM 200 million • Dividend: 7%.

Bayerische Landesbank, Brienner Straße 20, D-8000 München 2. Phone: (089) 21 71-01, Fax: (089) 21 71-35 79.

Bayerische Landesbank

13 May 1992

ESPIRITO SANTO FINANCIAL HOLDING S.A.

("ESFH")

(a Société Anonyme incorporated and registered under Luxembourg law)

CHAIRMAN'S STATEMENT

"The company had successfully achieved its main objectives for 1991 which were the integration of Companhia de Seguros Tranquilidade in the ESFH group and the acquisition of a very important position in the share capital of Banco Espírito Santo e Comercial de Lisboa. The results show that this considerable effort has resulted in the strengthening of ESFH's financial situation and a substantial increase in its total assets and profits. ESFH looks forward to restructuring its commercial banking network and to develop a greater use of the synergies between its Portuguese and international operations. These are essential to ensure progress in profitability in an environment of increased banking competition and continuing economic development such as we are currently witnessing in Portugal".

Ricardo Espírito Santo Salgado, Chairman

ESPIRITO SANTO FINANCIAL HOLDING S.A. AND SUBSIDIARIES

Condensed Consolidated Statement of Operations and Retained Earnings for the Period ended December 31st, 1991	31 Dec 91 US $'000s	31 Dec 90 US $'000s
BANKING ACTIVITIES		
Interest income and income from securities and investments	1,538,557	644,872
Fees & other operating income	228,328	111,518
	1,766,885	756,390
Interest expense and other operating charges	999,800	600,130
General and administrative expenses and other charges	381,716	79,622
Provisions	56,154	21,408
	1,437,670	701,160
OPERATING INCOME FROM BANKING BUSINESS	329,215	55,230
INSURANCE ACTIVITIES		
Insurance premiums & other direct insurance income	285,502	–
Reinsurance accepted	254	–
Income from free assets & other operating income	27,134	–
	312,890	–
Insurance claims & other direct insurance expenses	220,851	–
Reinsurance ceded	19,286	–
Other operating expenses & General and administrative expenses	64,998	–
	305,135	–
OPERATING INCOME FROM INSURANCE BUSINESS	7,755	–
TOTAL OPERATING INCOME	336,970	55,230
Amortisation of goodwill	(11,500)	(3,216)
Translation gain (loss)	(1,081)	(1,784)
Other non-operating charge	(1,920)	3,440
Net income before taxation	322,469	53,670
Provision for taxation	(97,113)	(15,522)
Net income after taxation	225,356	38,148
Net charge attributable to minority interests	(189,593)	(12,587)
NET INCOME	35,763	25,561
TOTAL ASSETS	14,224,159	2,377,478
TOTAL LIABILITIES	13,293,183	1,804,557
TOTAL SHAREHOLDERS' EQUITY AND CONVERTIBLE BONDS	465,476	257,120

FIRST CHICAGO CORPORATION
US$200,000,000 Floating Rate
Subordinated Capital Notes Due 1997

Notice of Rate of Interest

Notice is hereby given that the rate of interest on the Floating Rate Subordinated Capital Notes due 1997 (the "Notes") issued by First Chicago Corporation for the interest period commencing 18th May 1992 and ending on 18th August 1992 has been determined to be 5¼ per cent per annum. The interest payment date for such interest period is 18th August 1992. The interest amount, i.e. the amount of interest payable in respect of each US$10,000 principal amount of Notes, for such interest period is US$134.17

CHEMICAL BANK
As Agent Bank for
First Chicago Corporation

OKOBANK
US$50,000,000
Currency bonds due 1992

In accordance with the provisions of the Bonds, notice is hereby given that for the Interest Period from the 15th May 1991 to 15th May 1992 the Bonds will bear a rate of interest of 6.6pct x

$$\frac{(132.55)}{130.72} \times 0.5.$$

The interest and redemption amount payable per US$1,000,000 Bonds on 15th May 1992 will be US$33,461.98 for interest and US$538,214.29 for redemption.

DKB International plc
London
Agent Bank

Midland Bank plc
(Incorporated with limited liability in England)
£250,000,000
Subordinated Floating Rate
Notes 2001

For the three months from May 18, 1992 to August 18, 1992, the Notes will carry an interest rate of 10.10% p.a. On August 18, 1992 interest of £126.94 will be due per £5,000 Note and £1,269.40 in respect of £50,000 Note for Coupon 25.

Citibank, N.A. (CSSI Dept.),
Agent Bank

CITICORP
U.S. $200,000,000
Floating Rate Notes Due May, 1994

Notice is hereby given that the Rate of Interest has been fixed at 4.65625% and that the interest payable on the relevant Interest Payment Date August 19, 1992 against Coupon No. 1 in respect of US$50,000 nominal of the Notes will be US$594.56 and in respect of US$250,000 nominal of the Notes will be US$2,974.83.

May 19, 1992, London
By: Citibank, N.A. (Issuer Services), Agent Bank **CITIBANK**

PEARLSTREET N.V.
US $114,800,000 GUARANTEED SENIOR FLOATING RATE NOTES
DUE MAY 15, 2002

In accordance with the provisions of the Floating rate Notes, notice is hereby given as follows:

Interest period : May 15, 1992 to November 16 1992
Interest payment date : November 16, 1992
Interest rate : 4.40625 % p.a.
Coupon amount payable per Note of US $100,000 : US $2,264.32

AGENT BANK

INTERNATIONAL COMPANIES AND FINANCE

NKK re-emphasises steel operation

By Robert Thomson in Tokyo

NKK, the Japanese steel company, yesterday announced a new long-term management plan that re-emphasised the importance of its core steelmaking business, and conceded that new business areas would contribute less to profits than previously forecast.

The company also said it had agreed to a 50-50 joint venture with Bethlehem Steel of the US to produce treated sheets for the US construction industry.

The joint venture, formed through a US subsidiary of NKK, National Steel Corp (NSC), is expected to have capital of around $16m and to employ 85 workers.

Japanese steel producers have been concerned by a US industry plan to pursue an anti-dumping action against Japanese and other foreign companies, and it is hoped in Tokyo that the Bethlehem deal will ease tension between the two industries.

In 1988 NKK announced a long-term plan for the year 2000. At the time of the announcement, Japanese steelmakers were drafting restructurings designed to reduce their reliance on steel products and increase new business activities.

These plans had been prompted by a sharp decline in national steel production, from 105m tonnes in 1985 to 98m tonnes in 1986. Demand then grew sharply in tandem with the rapid expansion of the Japanese economy in the late 1980s.

In the original plan, NKK expected new businesses would account for 25 per cent of annual sales by the year 2000, but that figure has been revised downward to 16 per cent.

Engineering business is expected to account for 31 per cent of sales, up from the forecast 25 per cent; steel is expected to account for 53 per cent, up from 50 per cent.

Steel companies had predicted that urban development projects would be a prime source of income, but NKK has halved its expected earnings in that sector by the year 2000 to Y100bn ($746.2m).

Companies were planning to develop old factory sites and under-utilised land, but property development is no longer seen as a promising area of growth with the plunge in land prices.

Hewlett-Packard surges 40%

By Louise Kehoe in San Francisco

HEWLETT-Packard reported a 40 per cent rise in second-quarter earnings as the US computer and electronic equipment manufacturer continued to outperform competitors in key market segments, including printers, minicomputers and computer workstations.

Net earnings for the quarter were $326m, or $1.28 a share, up from $233m, or 93 cents, in the second quarter of fiscal 1991. Earnings were at the high end of Wall Street estimates.

However, Hewlett-Packard's share price declined on the news, trading at $76⅛ at midday yesterday, down from a close on Friday of $77¾.

Net revenue totalled $4.2bn, up 12 per cent from $3.7bn in the same period last year. US revenues grew 14 per cent to $1.8bn, while those from overseas rose 11 per cent to $2.4bn.

New orders booked during the quarter grew faster in the US, rising 16 per cent, while order growth from outside the US grew 8 per cent, for an overall growth of 11 per cent.

"We turned a reasonable revenue increase into outstanding profit growth, thanks to our on-going efforts to manage expenses," said Mr John Young, president and chief executive.

He described the company's 11 per cent growth in orders as a good achievement in light of generally sluggish economic conditions worldwide. He attributed this growth to "excellent acceptance of the company's newer products".

For the six-month period, net earnings increased 44 per cent to $632m, or $2.49 a share, from $438m, or $1.76, in the first half of fiscal 1991.

Net revenue increased 13 per cent over the first half of 1991 to $8bn, including $3.4bn in US sales and $4.6bn from outside the US.

Mr Young noted that the company's order growth in Europe had slowed, while orders in Japan had declined for the second consecutive quarter.

"We are concerned about the near-term because of uncertainty over the US recovery as well as sluggish conditions in some key economies," Mr Young said.

Sun Micro launches workstations

By Louise Kehoe

SUN Microsystems aims to fend off mounting competition in the market for computer workstations with a new range of products, to be introduced today. The US computer company claims the new products will outperform all rivals.

Although Sun has maintained its lead in workstation sales, with over 25 per cent of the $9bn world market, competitors including Hewlett-Packard and International Business Machines have been gaining ground with workstations that are significantly faster than Sun's products.

The new SparcStation 10 represents Sun's response to these higher performance workstations. Two models, which Sun calls "mid-range" workstations, priced in the US at $18,500 to $25,000, will be available in the third quarter of this year.

These will offer performance of 86m to 96m instructions a second and, according to standard benchmarks, are comparable to similarly priced workstations from H-P and IBM.

Later this year Sun will begin shipments of two high-end multiprocessor models which outperform any workstations currently available, offering processing speeds of 200m to over 400m instructions a second.

However, its competitors are not standing still, and Sun's claim that it can offer "the world's fastest desktop workstation" is expected to be short-lived.

Competition among workstation manufacturers is intense. It is one of the few segments of the computer market that has continued to grow strongly in spite of economic recessions in leading markets.

The new Sun workstations will also provide users with a new way to merge computer and telecommunications networks into a single system.

K mart and Federated move ahead

By Nikki Tait in New York

TWO large US retailers – K mart, the discount store chain, and Federated Department Stores, which operates 220 stores nationwide – yesterday reported modestly encouraging first-quarter figures, providing further evidence of brisker trading on Main Street.

K mart said that after-tax profits had risen 8.3 per cent to $116m in the three months to April 29, although earnings per share slid from 27 cents to 26 cents. Total sales increased by 8.1 per cent to $8.27bn.

On a "same-store" basis, K mart said there had been a 2.8 per cent increase, when November's acquisition of OfficeMax is excluded. Its speciality chains, which range from Waldenbooks to the Pace wholesale clubs, saw sales on a same-store basis rise by 7.9 per cent.

Mr Joseph Antonini, chairman, said the "colder-than-normal weather" had held back sales in the home improvements, gardening and clothing lines. However, he was encouraged by sales of "big ticket" items – suggesting some progress in the economy – and by the speciality stores generally.

Meanwhile, Federated Department Stores, which clambered out of bankruptcy earlier this year, posted an after-tax profit of $11.8m in the three months to May 2, compared with a $64.2m loss a year earlier. This is the first year since 1987 in which the group turned a profit in the first quarter.

Total sales from stores such as Bloomingdale's, Abraham & Straus and Bon Marche, were slightly lower at $1.57bn against $1.59bn, but same-store sales rose 4.4 per cent.

Federated acknowledged that promotions had helped first-quarter sales and warned that it expected comparable store sales to be lower, year-on-year, in the second quarter.

However, the group also predicted a "significant comparable store sales improvement" for the full year.

● In the speciality store sector, Toys "R" Us, the New Jersey-based toy retailer, saw after-tax profits improve from $22.4m to $28.3m.

Sales were up from $1.02bn to $1.17bn.

Its toy outlets in the US reported a 4.7 per cent increase in same-store sales.

Overseas, sales growth was strong in Europe, but Canada suffered from depressed economic conditions.

The Kids "R" Us clothing operation was also affected by "the difficult apparel sales environment".

Barnett Banks to merge with First Florida

BARNETT Banks, in an effort to bolster its leading market position in Florida, plans to merge with First Florida Banks in a stock transaction valued at about $885m, **Bloomberg reports.**

In the merger of Florida's two oldest banks, First Florida shareholders will receive 1.42 Barnett common shares for each First Florida share.

Barnett Banks, the 19th largest bank in the US with $32.9bn in assets, operates 550 offices in Florida and 42 offices in neighbouring Georgia.

First Florida, based in Tampa, has about $5.4bn in assets and operates 144 banking offices along Florida's west coast and throughout the central part of the state.

First Florida recently initiated steps to improve its balance sheet. Last October, it took a charge of about $116m to cover loan losses and to write down bad real estate loans.

Power Corp of Canada seeks 'special situation'

By Robert Gibbens in Montreal

POWER Corp of Canada, the holding company of Montreal financier Mr Paul Desmarais, plans to invest in a "special situation" in North America by the year-end but still has not found a potential acquisition that meets its criteria.

Mr Desmarais said Power Corp and its financial services arm had between C$2bn and C$3bn available. The company sold two subsidiaries in 1989 and has almost no debt.

Also, Power Corp and the Frère Group of Belgium have 63 per cent voting control of the European holding company, Pargesa. It owns one of North America's biggest life insurance companies and Canada's biggest mutual fund distributor.

Power Corp earned C$39.2m (US$32.9m), or 30 cents a share, in the first quarter, up from $31.2m, or 23 cents a year earlier, on consolidated revenues of $1.52bn, against $1.56bn.

After Power Corp's annual meeting, Mr Desmarais said he would take a minority position in a healthy North American company needing new capital "as long as we can participate in management and can attain our target 15 per cent return on equity".

A large takeover was currently difficult because of the high level of the US stock market, he said, but Power Corp was concentrating on North America because Pargesa's growth can be self-financing.

Mr Desmarais said he preferred manufacturing, communications and financial services as target sectors.

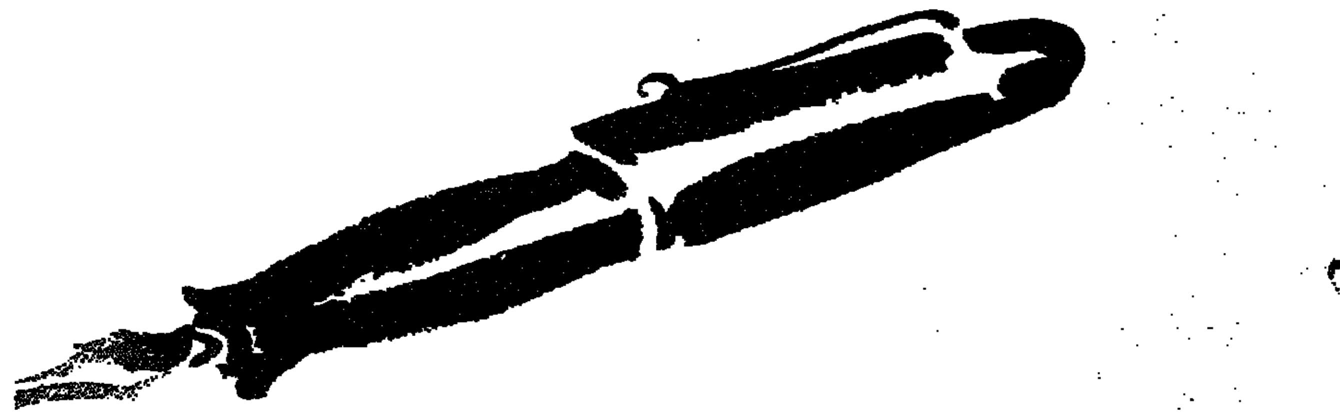
● A US$422m takeover of International Corona of Vancouver by Homestake Mining has been delayed without explanation.

The US mining giant offered 0.35 of a Homestake share for each Corona share.

The merger would create a mining group with annual output of 1.8m ounces of gold a year.

Trinkaus & Burkhardt. Creative capital at work.

The sum of our efforts.



1991 was a successful year for the Trinkaus & Burkhardt Group. Progress was made in all business sectors. Total balance sheet footings of the Group increased by 10.8% to DM 9.35 billion. Both operating and partial operating results were clearly over the level of the previous year. Through very good interest income, satisfactory commission business and good results from own trading, both increased administration costs and considerable risk provisions were more than covered.

Shareholders in the parent company are to participate in these improved results by receiving a better dividend which increases from DM 9.00 to DM 10.00. Total dividends to be paid out will increase by 16% to DM 22 million. An additional DM 10 million will be transferred from profits into reserves. Additionally, almost DM 9 million is being retained in subsidiaries.

At the end of 1991, the Bank's own funds are shown at DM 517 million compared with DM 428 million at 31 December 1990. This increased figure corresponds to 5.5% of the Group's total assets and 7.5% of the parent company's balance sheet. The capital base as defined in the Basle convention covers 12% of the Group's risk-bearing assets. The core capital accounts for 7%.

Through the qualification and commitment of our staff and our links with the Midland Bank Group we shall secure and improve a high level of traditional and innovative services and continue to justify the trust shown by our business partners and shareholders.

Group Financial Statement 1991

Selected data	in DM m	Change from prev. year
Total volume	10,917	+ 7.0%
Total assets	9,350	+10.8%
Loan volume	7,064	+ 1.8%
Securities portfolio	1,760	+37.1%
Capital	517	+20.8%
Interest income	197	+38.9%
Commission income	125	+ 5.7%
Partial operating profit	121	+50.1%
Net profit for the year	41	+15.6%

Trinkaus & Burkhardt
Bank seit 1785

Düsseldorf, Baden-Baden, Berlin, Essen, Frankfurt/Main, Hamburg, München, Stuttgart, Luxembourg, Zürich and Lugano.

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

Foster's hesitates to seize merger 'lifeline'

Kevin Brown outlines the terms of a rescue deal proposed by SA Brewing

Shares in Foster's Brewing Group rose nine cents to A$1.99 yesterday as investors digested the details which offers a lifeline to Mr John Elliott, Foster's embattled former chairman.

The shares were also buoyed by a spate of rumours suggesting that every important international brewer from Guinness to Anheuser Busch was building a stake in Foster's in the event that deal collapses.

SA Brewing shares fell six cents to A$3.01, a reaction which suggests that the market believes the deal offers more to Mr Elliott and SA Brewing management than to shareholders.

The merger plan would transform SA Brewing from a medium-sized drinks and manufacturing group capitalised at A$1.5bn (US$1.1bn) to the controlling partner in a merged group valued at more than A$5.9bn.

Its chief attraction is that it would virtually end Mr Elliott's involvement with Foster's, which has turned into a nightmare since a mishandled buy-out left International Brewing Holdings (IBH), Mr Elliott's private company, with unmanageable debts.

After two years of deal making, IBH has cut its shareholding in Foster's from 56 per cent to 38 per cent, and Mr Elliott has stepped down from executive chairman to deputy chief executive. However, IBH faces liquidation in November unless it finds a way to repay debts of A$2.5bn secured against Foster's shares worth only A$1.6bn.

Mr Ross Wilson, SA Brewing chief executive, says that the merger offer is the only way to remove the IBH problem from Foster's, and give the group time to reap the full benefit of its investments in Courage in the UK and half of Molson Breweries in Canada.

Mr Wilson insists that the merger is a friendly offer which would be achieved with the consent of directors and shareholders of both companies.

The mechanism would be a non-cash exchange of shareholdings for shares in the merged group.

From Foster's headquarters in Melbourne, the offer looks like a replay of Mr Elliott's 1984 takeover of CUB, especially since it is a condition of the offer that Mr Wilson would be chief executive, and SA Brewing would name the chairman.

There is no doubt that Mr Elliott would be a significant winner if the deal goes through. The chief feature is the underwritten sale by IBH of about 6 per cent of its entitlement in the merged group.

Foster's Brewing

Source: Datastream

Mr Nobby Clark, chairman: opposes the merger plan

Most of the balance of its Foster's shareholding would be swapped for convertible notes exchangeable for shares in between two and 10 years, leaving IBH with an initial shareholding in the new company of 7.5 per cent.

IBH's creditors would have to agree to accept the company's convertible notes and shares as security against its debt, effectively giving Mr Elliott an immediate cash injection to pay overdue interest bills, and a two-year breathing space on the remaining debt.

The advantages for other shareholders are less clear-cut. Based on last night's closing prices, shares in the merged group would open at A$2.99, valuing Foster's shares at A$1.99, equivalent to the market valuation. SA Brewing shares would be exchanged at A$2.99, compared with A$3.19 when the offer was announced on Friday.

The incentive being offered to both sets of shareholders is that the reduction of IBH's role would trigger a re-rating of the shares. SA Brewing says the merged group would trade at A$3.92, capitalising it at about A$7.8bn, and valuing Foster's shares at A$2.61 – sufficient for IBH to repay its main creditors. On that basis, SA Brewing shares would be worth A$3.92.

However, the offer must overcome several hurdles. The most difficult will be obtaining the approval of the board of Foster's, which is understood to have rejected a similar proposal in March.

Mr Nobby Clark, chairman, opposes the merger plan, as does Mr Ted Kunkel, the former chief executive of Molson Breweries, who took over as chief executive of Foster's only two weeks ago.

Asahi Breweries of Japan, which owns 20 per cent of Foster's, is also believed to oppose any deal which would dilute its shareholding.

Foster's argues that the merger would destroy the group's shareholder-approved strategy of selling non-core financial, pastoral, and property assets to become a pure brewing company.

The group has found the asset disposal programme difficult, and has been unable to sell non-core assets worth about A$2.8bn because of an 18-month recession. Directors believe, however, that the assets can be sold at fair prices as the economy recovers.

They say there is no synergy between Foster's core operations and SA Brewing, which derives only 30 per cent of profits from food and drinks, much of which is contributed by its wine division.

The balance comes from packaging and manufacturing domestic appliances.

The merger proposal will also be investigated by the Trade Practices Commission, which is concerned about further concentration of brewing in a market which is about 90 per cent controlled by Foster's and National Brewing, owned by Lion Nathan of New Zealand.

The outcome will depend on SA Brewing's success in convincing shareholders and IBH creditors that the offer would give Foster's time to recover from the IBH debacle, and avoid a fire sale of its non-core assets.

If Mr Wilson succeeds, SA Brewing will emerge in control of a company three times its size.

If he fails, the banks will have to decide whether to give IBH a further lease of life, or put it into liquidation, with unpredictable consequences.

Activity in management buy-outs set to rise in UK

By Sara Webb

MANAGEMENT buy-out (MBO) activity in the UK is set to increase, helped by renewed confidence in the economy, last month's re-election of a Conservative government and the more realistic prices at which managers can now buy their own businesses.

Some leading UK banks say MBO-related lending started to pick up about six months ago, and they expect activity to increase now that the general election is out of the way.

According to 3i, the venture capital group, MBOs worth about £580m took place in the first quarter of 1992, although the level of activity is well below that seen in the 1980s. 3i reported 71 MBOs in 1989, but the level fell to 44 in 1991 as recession and slow bank lending checked activity.

However, the latest wave of MBOs differs in one important respect from the wave of deals done in the late 1980s – they are less highly-geared, with bankers now eager to limit the debt side of the deal to about 50 per cent of the total value.

In the 1980s, debt repayments and servicing costs represented a huge outflow of cash. But with debt-equity levels closer to 50-50, the servicing costs are more manageable, says the Bank of Scotland. The equity portion in such MBOs is usually provided by the management or venture capital funds.

Bankers report a stream of potential medium-sized MBOs in the pipeline at present, following deals such as the £74m buy-out of the Herald (formerly the Glasgow Herald), the £200m buy-out of the Bristow Helicopter Group, and the £125m total funding for the buy-out of Midland Newspapers.

In each of these cases, the debt portion represented 50 per cent or less of the total value of the deal. However, interest margins are nearly double their previous levels,reflecting the general rise in bank lending margins over the last two or three years.

Bankers say that deals which would previously have paid margins of about 125-150 basis points over the London Interbank Offered Rate (Libor) now tend to command margins of between 212-225 basis points over Libor.

Barlow Rand rises to R400m at half year

By Philip Gawith in Johannesburg

BARLOW RAND, South Africa's largest industrial group, overcame tough trading conditions to record a 15 per cent increase in half-year earnings to R400m ($140.8m) and pay a higher dividend.

Turnover rose by 9 per cent to R16.9bn in the six months to end-March 1992, and operating profit, before interest, was 11 per cent higher at R1.36bn. Pre-tax profit was 20 per cent up at R1.24bn.

Mr Warren Clewlow, executive chairman, said the group had performed well while enjoying a "following wind" from the sale of Middelburg Steel and Alloys (MS&A) last November for R1.1bn.

Mr Clewlow said the sale of MS&A – a producer of ferrochrome and stainless steel – had changed the nature of Barlow Rand by removing a cyclical producer which had been a cause of much uncertainty.

He said it was this change that had been behind the group's decision to lift its dividend by 6 per cent to 54 cents per share.

The effect of the MS&A disposal is also evident in the strengthened balance sheet where deposits and cash have risen to R1.4bn, from R849m a year ago, while amounts due to bankers and short-term loans have dropped to R1.2bn from R2.3bn.

Mr Clewlow was cautious about prospects. He said trading conditions were bad and he would be happy if they were able to maintain their percentage growth for the year as a whole. The group is continuing with a substantial capital expenditure programme, with R680m spent during the reporting period and a further R1.3bn of capital commitments.

Managing director Mr Derek Cooper told a news conference there was little likelihood of a short-term recovery in the domestic economy, and the full impact of the current drought in Africa would be felt in the current six months of this year.

U.S. $225,000,000

BACOB

BACOB Overseas Limited
(Incorporated in the Cayman Islands with limited liability)

Guaranteed Floating Rate Notes due 1994

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BACOB Savings Bank s.c.
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In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 18th August, 1992 has been fixed at 4% per annum. The interest accruing for such three month period will be U.S. $102.22 per U.S. $10,000 Note and U.S. $1,022.22 per U.S. $100,000 Note against presentation of Coupon Number 3.

Union Bank of Switzerland
London Branch Agent Bank

14th May, 1992

Union Bank of Switzerland

Bankers Trust
International Capital N.V.
(Incorporated in the Netherlands Antilles)
U.S.$200,000,000
Guaranteed Floating Rate Subordinated Notes Due 1996

For the three months
20th May, 1992 to 20th August, 1992
the Notes will carry an interest rate of 5¼ per cent per annum and interest payable on the relevant interest payment date 20th August, 1992 will be US$134.17 per US$10,000 note.

National Westminster Bank PLC
Group Treasury Settlements, London – Agent Bank

SAKURA FINANCE HONGKONG LIMITED
U.S. $100,000,000
Guaranteed Floating Rate Notes due 1997
Guaranteed as to payment of principal and interest by
THE SAKURA BANK, LIMITED

For the three month period 18th May, 1992 to 18th August, 1992 the Notes will carry an interest rate of 4⅛% per annum with a coupon amount of U.S. $105.42 per U.S. $10,000 Note and U.S. $2,635.42 per U.S. $250,000 Note, payable on 18th August, 1992.

Bankers Trust Company, London — Agent Bank

The Chase Manhattan Corporation
U.S. $250,000,000
Floating Rate Subordinated Notes due 2000

For the three months 18th May, 1992 to 18th August, 1992 the Notes will carry an interest rate of 5% per annum with a coupon amount of U.S. $127.78 per U.S. $10,000 principal amount, payable on 18th August, 1992.

Bankers Trust Company, London — Agent Bank

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, May 18, 1992 . In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	54.0724	33.9026	42.0105
Albania	(Lek)	91.825	50.0272	31.3663	38.8677
Algeria	(Dinar)	40.274	21.9417	13.7571	17.0471
Andorra	(Fr Fr)	9.8325	5.3568	3.3586	4.1619
	(Sp Peseta)	182.90	99.6458	62.4765	77.4179
Angola	(Kwanza)	995.40	542.305	340.017	421.333
Antigua	(E Carr $)	4.9585	2.7014	1.6937	2.0988
Argentina	(Peso)	1.8160	0.9893	0.6203	0.7686
Aruba	(Florin)	3.2873	1.7909	1.1229	1.3914
Australia	(Aus $)	2.4160	1.3162	0.8252	1.0226
Austria	(Schilling)	20.615	11.2312	7.0418	8.7259
Azores	(Port Escudo)	243.25	132.525	83.0913	102.963
Bahamas	(Bahama $)	1.8355	1	0.6269	0.7769
Bahrain	(Dinar)	0.6888	0.3752	0.2352	0.2915
Balearic Is	(Sp Peseta)	182.90	99.6458	62.4765	77.4179
Bangladesh	(Taka)	65.0	35.4126	22.2032	27.5132
Barbados	(Barb $)	3.6937	2.0123	1.2617	1.5634
Belgium	(Belg Fr)	60.30	32.852	20.5977	25.5238
Belize	(B $)	3.673	2.001	1.2546	1.5547
Benin	(CFA Fr)	491.625	267.843	167.933	208.095
Bermuda	(Bermudian $)	1.8355	1	0.6269	0.7769
Bhutan	(Ngultrum)	51.60	28.1122	17.6259	21.8412
Bolivia	(Boliviano)	7.0430	3.8371	2.4058	2.9811
Botswana	(Pula)	3.9094	2.1298	1.3354	1.6547
Brazil	(Cruzeiro)	4791.30	2610.35	1636.65	2028.06
Brunei	(Brunei $)	2.9962	1.6323	1.0234	1.2682
Bulgaria	(Lev)	32.24	17.5646	11.0128	13.6465
Burkina Faso	(CFA Fr)	491.625	267.843	167.933	208.095
Burma	(Kyat)	10.9542	5.9679	3.7418	4.6366
Burundi	(Burundi Fr)	352.50	192.046	120.41	149.206
Cambodia	(Riel)	1285.55	700.381	439.129	544.148
Cameroon	(CFA Fr)	491.625	267.843	167.933	208.095
Canada	(Canadian $)	2.1970	1.1969	0.7504	0.9299
Canary Is	(Sp Peseta)	182.90	99.6458	62.4765	77.4179
Cp. Verde	(CV Escudo)	130.841	71.2835	44.6937	55.3824
Cayman Is	(CI $)	1.5243	0.8304	0.5206	0.6452
Cent.Afr. Rep	(CFA Fr)	491.625	267.843	167.933	208.095
Chad	(CFA Fr)	491.625	267.843	167.933	208.095
Chile	(Chilean Peso)	633.97	345.394	216.557	268.347
China	(Renminbi Yuan)	10.0449	5.4725	3.4312	4.2518
Colombia	(Col Peso)	1114.70	607.3	380.769	471.831
Comoros	(CFA Fr)	491.625	267.843	167.933	208.095
Congo (Brazz)	(CFA Fr)	491.625	267.843	167.933	208.095
Costa Rica	(Colon)	238.745	130.071	81.5525	101.056
Côte d'Ivoire	(CFA Fr)	491.625	267.843	167.933	208.095
Cuba	(Cuban Peso)	1.3910	0.7578	0.4751	0.5887
Cyprus	(Cyprus £)	0.8405	0.4579	0.2871	0.3557
Czechoslovakia	(Koruna)	52.57c	28.6406	17.9573	22.2518
		50.74t	27.6436	17.3321	21.4772
Denmark	(Danish Kroner)	11.3250	6.1699	3.8684	4.7936
Djibouti Rep	(Djib Fr)	318.0	173.25	108.625	134.603
Dominica	(E Carrib $)	4.9585	2.7014	1.6937	2.0988
Dominican Rep	(D Peso)	23.415	12.7567	7.9982	9.9111
Ecuador	(Sucre)	2550.11o	1389.33	871.088	1079.41
		2711.95a	1477.5	926.371	1147.92
Egypt	(Egyptian £)	6.0793	3.312	2.0766	2.5732
El Salvador	(Colon)	14.6899	8.0032	5.0178	6.2179
Equat'l Guinea	(CFA Fr)	491.625	267.843	167.933	208.095
Ethiopia	(Ethiopian Birr)	3.7697	2.0537	1.2876	1.5956
Falkland Is	(Falk £)	1.00	0.5448	0.3415	0.4232
Faroe Is	(Danish Kroner)	11.3250	6.1699	3.8684	4.7936
Fiji Is	(Fiji $)	2.7310	1.4878	0.9328	1.1559
Finland	(Markka)	7.9612	4.3373	2.7194	3.3698
France	(Fr)	9.8325	5.3568	3.3586	4.1619
Fr. Cty/Africa	(CFA Fr)	491.625	267.843	167.933	208.095
Fr. Guiana	(Local Fr)	9.8325	5.3568	3.3586	4.1619
Fr. Pacific Is	(CFP Fr)	176.0	95.8866	60.1195	74.4973
Gabon	(CFA Fr)	491.625	267.843	167.933	208.095
Gambia	(Dalasi)	16.1428	8.7947	5.5141	6.8329
Germany	(D-Mark)	2.9275	1.5949	1	1.2391
Ghana	(Cedi)	747.762	407.389	255.427	316.513
Gibraltar	(Gib £)	1.00	0.5448	0.3415	0.4232
Greece	(Drachma)	344.65	187.769	117.728	145.884
Greenland	(Danish Krone)	11.3250	6.1699	3.8684	4.7936
Grenada	(E Carr $)	4.9585	2.7014	1.6937	2.0988
Guadaloupe	(Local Fr)	9.8325	5.3568	3.3586	4.1619
Guam	(US $)	1.8355	1	0.6269	0.7769
Guatemala	(Quetzal)	9.4655	5.1569	3.2333	4.0065
Guinea	(Fr)	1491.8	812.749	509.582	631.45
Guinea-Bissau	(Peso)	9182.5	5002.72	3136.64	3886.77
Guyana	(Guyanese $)	227.91	124.168	77.8514	96.4698
Haiti	(Goude)	9.1825	5	3.1366	3.8867
Honduras	(Lempira)	9.87	5.3772	3.3714	4.1777
Hong Kong	(HK $)	14.20	7.7363	4.8505	6.0105
Hungary	(Forint)	145.414	79.223	49.6717	61.5508
Iceland	(Icelandic Krona)	106.52	58.0332	36.3859	45.0878
India	(Indian Rupee)	51.60	28.1122	17.6259	21.8412
Indonesia	(Rupiah)	3701.25	2016.48	1264.3	1566.67
Iran	(Rial)	2625.0v	1430.13	896.67	1111.11
		118.50o	64.56	40.4782	50.1587
Iraq	(Iraqi Dinar)	0.5936	0.3233	0.2027	0.2512
Irish Rep	(Punt)	1.0965	0.5973	0.3745	0.4641
Israel	(Shekel)	4.41	2.4026	1.5064	1.8666
Italy	(Lira)	2204.50	1201.04	753.032	953.122
Jamaica	(Jamaican $)	42.29	23.04	14.4457	17.9005
Japan	(Yen)	236.25	128.712	80.7002	100
Jordan	(Jordanian Dinar)	1.2392	0.6751	0.4232	0.5245
Kenya	(Kenya Shilling)	57.795	31.4873	19.7421	24.4634
Kiribati	(Australian $)	2.4160	1.3162	0.8252	1.0226
Korea North	(Won)	4.0036	2.1812	1.3675	1.6946
Korea South	(Won)	1429.275	778.684	488.224	604.984
Kuwait	(Kuwaiti Dinar)	0.5350	0.2914	0.1827	0.2264
Laos	(New Kip)	1303.9	710.379	445.397	551.915
Lebanon	(Lebanese £)	3032.9	1652.36	1036	1283.77
Lesotho	(Maluti)	5.2035	2.8349	1.7774	2.2025
Liberia	(Liberian $)	1.8355	1	0.6269	0.7769
Libya	(Libyan Dinar)	0.5098	0.2777	0.1741	0.2157
Liechtenstein	(Swiss Fr)	2.6900	1.4655	0.9188	1.1386
Luxembourg	(Lux Fr)	60.30	32.852	20.5977	25.5238
Macao	(Pataca)	14.677	7.9961	5.0134	6.2124
Madagascar	(MG Fr)	3131.25	1705.94	1069.6	1325.4
Madeira	(Port Escudo)	243.25	132.525	83.0913	102.963
Malawi	(Kwacha)	5.9756	3.2555	2.0411	2.5293
Malaysia	(Ringgit)	4.6257	2.5201	1.58	1.9579
Maldive Is	(Rufiya)	18.120	9.8719	6.1895	7.6698
Mali Rep	(CFA Fr)	491.625	267.843	167.933	208.095
Malta	(Maltese £)	0.5815	0.3168	0.1986	0.2461
Martinique	(Local Fr)	9.8325	5.3568	3.3586	4.1619
Mauritania	(Ouguiya)	155.96	84.9686	53.2741	66.0148
Mauritius	(Maur Rupee)	28.943	15.7684	9.8865	12.251
Mexico	(Mexican Peso)	5543.25	3020.02	1893.51	2346.35
Miquelon	(Local Fr)	9.8325	5.3568	3.3586	4.1619
Monaco	(French Fr)	9.8325	5.3568	3.3586	4.1619
Mongolia	(Tugrik)	73.46	40.0217	25.093	31.0941
Montserrat	(E Carr $)	4.9585	2.7014	1.6937	2.0988
Morocco	(Dirham)	15.423	8.4026	5.2683	6.5282
Mozambique	(Metical)	4234.5	2307	1446.46	1792.36
Namibia	(S A Rand)	5.2035	2.8349	1.7774	2.2025
Nauru Is	(Australian $)	2.4160	1.3162	0.8252	1.0226
Nepal	(Nepalese Rupee)	85.636	46.6554	29.2522	36.248
Netherlands	(Guilder)	3.2975	1.7965	1.1263	1.3957
N'nd Antilles	(A/Guilder)	3.2873	1.7909	1.1229	1.3914
New Zealand	(NZ $)	3.437	1.8725	1.174	1.4548
Nicaragua	(Gold Cordoba)	9.1825	5.0027	3.1366	3.8867
Niger Rep	(CFA Fr)	491.625	267.843	167.933	208.095
Nigeria	(Naira)	33.902v	18.45	11.5805	14.35
Norway	(Nor. Krone)	11.4250	6.2244	3.9026	4.8359
Oman	(Rial Omani)	0.7034	0.3832	0.2402	0.2977
Pakistan	(Pak Rupee)	43.0	23.4268	14.6883	18.201
Panama	(Balboa)	1.8355	1	0.6269	0.7769
Papua New Guinea	(Kina)	1.7560	0.9566	0.5998	0.7432
Paraguay	(Guarani)	2631.0	1433.4	898.719	1113.65
Peru	(New Sol)	2.06	1.1223	0.7036	0.8719
Philippines	(Peso)	46.75	25.4698	15.9692	19.7883
Pitcairn Is	(£ Sterling)	1.00	0.5448	0.3415	0.4232
	(NZ $)	3.437	1.8725	1.174	1.4548
Poland	(Zloty)	24844.0	13535.3	8486.42	10516
Portugal	(Escudo)	243.25	132.525	83.0913	102.963
Puerto Rico	(US $)	1.8355	1	0.6269	0.7769
Qatar	(Riyal)	6.6503	3.6231	2.2716	2.8149
Reunion Is de la	(F/Fr)	9.8325	5.3568	3.3586	4.1619
Romania	(Leu)	415.67q	226.461	141.988	175.945
Rwanda	(Fr)	223.44	121.732	76.3245	94.5777
St Christopher	(E Carr $)*	4.9585	2.7014	1.6937	2.0988
St Helena	(£)	1.00	0.5448	0.3415	0.4232
St Lucia	(E Carr $)	4.9585	2.7014	1.6937	2.0988
St Pierre	(French Fr)	9.8325	5.3568	3.3586	4.1619
St Vincent	(E Carr $)	4.9585	2.7014	1.6937	2.0988
San Marino	(Italian Lira)	2204.50	1201.04	753.032	933.122
Sao Tome	(Dobra)	440.76	240.131	150.558	186.565
Saudi Arabia	(Riyal)	6.8515	3.7327	2.3403	2.9001
Senegal	(CFA Fr)	491.625	267.843	167.933	208.095
Seychelles	(Rupee)	9.607	5.2339	3.2816	4.0664
Sierra Leone	(Leone)	752.96	410.221	257.202	318.713
Singapore	($)	2.9962	1.6323	1.0234	1.2682
Solomon Is	($)	5.2820	2.8776	1.8042	2.2357
Somali Rep	(Shilling)	4811.63	2621.43	1643.6	2036.67
South Africa	(Rand)	5.2035c	2.8349	1.7774	2.2025
		6.2247g	3.3912	2.1262	2.6347
Spain	(Peseta)*	182.90	99.6458	62.4765	77.4179
Spanish Ports in N Africa	(Sp Peseta)	182.90	99.6458	62.4765	77.4179
Sri Lanka	(Rupee)	79.67	43.405	27.2143	33.7227
Sudan Rep	(£)	165.28	90.0463	56.4577	69.9597
Surinam	(Guilder)	3.2781	1.7859	1.1197	1.3875
Swaziland	(Lilangeni)	5.2035	2.8349	1.7774	2.2025
Sweden	(Krona)	10.5450	5.745	3.602	4.4634
Switzerland	(Fr)	2.6900	1.4655	0.9188	1.1386
Syria	(£)	37.1891	20.261	12.7033	15.7414
Taiwan	($)	45.9	25.0068	15.6789	19.4285
Tanzania	(Shilling)	547.74	298.415	187.102	231.848
Thailand	(Baht)	46.72	25.4535	15.959	19.7756
Togo Rep	(CFA Fr)	491.625	267.843	167.933	208.095
Tonga Is	(Pa Anga)	2.4160	1.3162	0.8252	1.0226
Trinidad/Tobago	($)	7.8051	4.2523	2.6661	3.3037
Tunisia	(Dinar)	1.6476	0.8976	0.5628	0.6973
Turkey	(Lira)	12168.07	6629.29	4156.47	5150.51
Turks & Caicos	(US $)	1.8355	1	0.6269	0.7769
Tuvalu	(Australian $)	2.4160	1.3162	0.8252	1.0226
Uganda	(New Shilling)	2139.41	1165.57	730.798	905.57
U A E	(Dirham)	6.7095	3.6554	2.2918	2.84
United Kingdom	(£)	1.00	0.5448	0.3415	0.4232
United States	(US $)	1.8355	1	0.6269	0.7769
Uruguay	(Peso)	5345.0	2912.01	1825.79	2262.43
USSR	(Rouble)	1.0365o	0.5646	0.354	0.4387
		179.70m	97.9024	61.3834	76.0634
Vanuatu	(Vatu)	206.83	112.683	70.6507	87.547
Vatican	(Lira)	2204.50	1201.04	753.032	933.122
Venezuela	(Bolivar)	111.00	60.4739	37.9163	46.9841
Vietnam	(Dong)	20623.9	11236.1	7044.88	8729.69
Virgin Is-British	(US $)	1.8355	1	0.6269	0.7769
Virgin Is-US	(US $)	1.8355	1	0.6269	0.7769
Western Samoa	(Tala)	4.4531	2.426	1.5211	1.8849
Yemen (Rep of)	(Rial)	22.038	12.0065	7.5279	9.3282
Yemen (Rep of)	(Dinar)	0.8540	0.4652	0.2917	0.3614
Yugoslavia	(Dinar)	590.87	321.912	201.834	250.104
Zaire Rep	(Zaire)	301837.0	164444	103104	127762
Zambia	(Kwacha)	258.49	140.828	88.2971	109.414
Zimbabwe	($)	9.0723	4.9426	3.0989	3.8401

Special Drawing Rights May 15, 1992 United Kingdom £0.765381 United States $1.39085 Germany D Mark 2.25026 Japan Yen181.367
European Currency Unit Rates May 18, 1992 United Kingdom £0.700697 United States $1.28627 Germany D Mark 2.05546 Japan Yen166.057

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate ; (d) Controlled rate; (e) Essential imports; (g) Financial rate. (h) Exports; (i) Non commercial rate. (j) Business rate, (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate, (q) convertible rate, (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar (v) Floating rate ;
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5

This announcement appears as a matter of record only

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BANCO CREDIBANCO S. A.
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U.S.$50,000,000
11% Notes due 1994

Lead Manager
Chartered WestLB Limited

Co-Managers
NMB Postbank Groep N.V.
Manufacturers Hanover Limited
Marcep Overseas Limited
Socimer International Bank Limited
Bank of Boston S.A.
Credit Lyonnais
Credit Suisse First Boston Limited
Ecoban
Lazard Frères & Co. – New York
Paribas Capital Markets Group

April 1992

Chartered WestLB
Merchant Bankers

HMC MORTGAGE NOTES 4 PLC
£150,000,000
Class A
and
£9,000,000
Class B
Mortgage Backed Floating Rate Notes due July 2021

Notice is hereby given that for the Interest Period from May 15, 1992 to August 17, 1992 the Class A Notes and Class B Notes will carry interest rates of 10.18% and 10.90% respectively. The interest payable on the relevant interest payment date, August 17, 1992 for the Class A Notes will be £2,614.54 and for the Class B Notes will be £2,799.45 per £100,000 nominal amount.

By: The Chase Manhattan Bank, N.A. London, Agent Bank
May 19, 1992

Raiffeisen Zentralbank Österreich Aktiengesellschaft
RZB – Austria
(until October 2nd, 1989: Genossenschaftliche Zentralbank Aktiengesellschaft)

U.S. $100,000,000
Perpetual Floating Rate Subordinated Notes

For the six months 18th May, 1992 to 18th November, 1992 the Notes will carry an interest rate of 5⅜% per annum with a coupon amount of U.S. $134.17 per U.S. $5,000 Note, and U.S. $1,341.67 per U.S. $50,000 Note, payable on 18th November, 1992.

Bankers Trust Company, London — Agent Bank

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A WORLD OF COMFORT

INTERNATIONAL CAPITAL MARKETS

German bunds advance as engineering dispute ends

By Simon London in London and Patrick Harverson in New York

GERMAN government bonds rose strongly through the morning session yesterday following the announcement of a 5.8 per cent pay settlement in the dispute between engineering employers and unions.

The benchmark 8 per cent Unity bond maturing 2002 closed at 100.26-34 for a yield of 7.96 per cent. On Friday the benchmark closed at around 99.97, where the yield was 8 per cent.

On Liffe, the London futures and options exchange, the *June bund futures contract* opened at 87.41 but rose rapidly to hit a high of 87.69. Later in the day the contract settled to 87.61 and closed at around this level. Volume was heavy at 79,000 contracts.

While analysts were encouraged by the break-through in pay talks, which could avert damaging industrial action in key sectors of the German economy, economic data released later this week could dampen enthusiasm.

Producer price inflation data for April is expected this week and is believed to show only a slight slowdown in the annual rate of increase from 2.5 per cent in March.

The Bundesbank council holds a regular meeting on Thursday, at which it could decide to tighten monetary *conditions.*

However, most analysts thought it was unlikely the central bank *would act ahead* of the release of money supply data, which is scheduled for next week.

GOVERNMENT BONDS

The Bundesbank's favoured monetary indicator is M3, a broad measure of money supply. In March, M3 grew at a *year-on-year rate of 9.7 per* cent, against a target range of 3.5 to 5.5 per cent. If money growth is higher in April, the Bundesbank may raise rates.

■ THE UK government bond market was swept higher by the buoyant mood in continental Europe and optimism over the outlook for UK inflation, following the release of better than anticipated retail prices data on Friday.

The June gilt futures contract on Liffe opened at 99.12, having broken the psychologically important barrier at 99.00 on Friday.

The contract rose to 99.16 during the day, the next significant resistance barrier according to analysts, before settling to 99.14 by the close of trading. Volume was sluggish at 24,000 contracts.

In the cash market, the benchmark 9 per cent long-dated gilt maturing 2011 closed at 100¾, for a yield of 8.896 per cent, from an opening level of 100¼.

With the market in a positive *mood, the £850m new gilts* launched by the Bank of England on Friday were quickly exhausted. The bank sold stock in maturities ranging from 1994 to 2008.

Analysts attributed the positive tone to improved expectations on inflation following RPI data released on Friday which showed prices rising at a year *on year rate of 4.3 per cent,* better than anticipated.

The positive outlook on inflation was reflected in the money markets, where interbank rates remained below the 10 per cent base lending rate for the first time since rates were cut on May 5. Interbank funds from one month to one year were trading at around 10 – *9¾ per cent.*

Tomorrow, the market will be watching retail sales figures for April, hoping for a post-election improvement in consumer spending.

Retail sales showed a year-on-year fall of 3.7 per cent in March in the run up to the election. Analysts are hoping for positive annual growth of at least 2 per cent for last month.

■ *US Treasury prices firmed* slightly in quiet trading yesterday as investors turned their attention to today's meeting of the Federal Reserve's policy-*making Open Market Committee.*

In late trading the benchmark 30-year government bond was up $\frac{1}{32}$ at 102$\frac{1}{8}$, yielding 7.801 per cent. The two-year note was also firmer, up $\frac{1}{32}$ at 100$\frac{6}{32}$, to carry a yield of 5.050 per cent.

In the absence of fresh economic data, prices edged higher on hopes that the FOMC will authorise an easing of monetary policy. Analysts are divided as to the likelihood of another cut in interest rates. Last week's bigger-than-expected growth in money supply dampened expectations of an ease, but there are enough optimists in the market to keep prices on an upward bias until *after the FOMC meeting.*

If the Fed does agree to ease, observers believe it would act *promptly, probably before* tomorrow's two-year note auction.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	105.5469	+0.479	9.16	9.44	9.71
BELGIUM		9.000	06/01	101.3000	+0.300	8.59	8.61	8.57
CANADA *		8.500	04/02	100.0300	+0.400	8.50	8.58	8.70
DENMARK		9.000	11/00	101.4000	+0.150	8.66	8.58	8.60
FRANCE	BTAN	8.500	03/97	99.0496	+0.113	8.73	8.69	8.76
	OAT	8.500	11/02	99.7000	+0.250	8.53	8.57	8.63
GERMANY		8.000	01/02	100.2200	+0.350	7.95	7.97	7.92
ITALY		12.000	02/02	98.9300	+0.110	12.18†	12.21	12.29
JAPAN	No 119	4.800	06/39	95.2300	+0.120	5.75	5.85	5.83
	No 129	6.400	03/00	105.0169	+0.229	5.49	5.59	5.51
NETHERLANDS		8.250	02/02	99.4700	+0.040	8.32	8.30	8.28
SPAIN		11.300	01/02	102.7100	+0.090	10.53	10.58	10.46
UK GILTS		10.000	11/96	103-01	+4/32	9.15	9.27	9.33
		9.750	08/02	104-23	+7/32	9.03	9.15	9.14
		9.000	10/08	100-25	+8/32	8.91	9.02	9.03
US TREASURY *		7.500	11/01	101-19	+4/32	7.27	7.39	7.42
		8.000	11/21	102-03	+3/32	7.81	7.89	7.92
ECU (French Govt)		8.500	03/02	99.5500	+0.370	8.56	8.63	8.59

London closing. *New York closing. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal *Technical Data/ATLAS Price Sources*

■ JAPANESE government bond prices were firmer overnight in Tokyo, with the strength of the yen on the foreign exchange markets and the buoyancy of equity prices boosting confidence.

The benchmark government bond issue No. 129 closed the *Tokyo day on a yield of 5.515* per cent, sharply better than the 5.535 per cent seen at the close on Friday.

Bond prices slid at the end of last week as the equity market slumped and traders focused on the exposure of Japanese financial institutions to Olympia and York, the troubled property development company.

However, yesterday the Nikkei 225 stock market index rose 368 points to close at 18,443.

The yen also strengthened *against the dollar, breaking* through Y130 overnight and consolidating gains in European trading. By late afternoon in London, the Japanese currency was trading at Y128.75 against the dollar.

Bank hopes to expand London's Ecu market role

By Simon London

THE Bank of England believes its plan to provide a new settlement system for Ecu securities would "bolster London's leading role" in the Ecu bond market.

In the latest Quarterly Bulletin, the Bank said the new securities settlement system would provide institutional investors and dealers with same-day settlement of Ecu securities.

Same-day settlement of Ecu bond trades is not currently available through Euroclear or Cedel, the commercial clearing systems through which most Ecu bonds are now handled.

The Bank said same-day settlement would make it easier for institutional investors and dealers to undertake short-term borrowing and lend*ing Ecu securities – activity* known as "repo".

It added that same-day settlement of Ecu securities would reduce the "systemic" risks of trading Ecu bonds, again helping to foster the market in London.

Repo of bonds allows investors to increase their returns from bond holdings by lending *securities. It also allows traders* to cover short market positions by borrowing bonds.

The Bank noted that repo market activity in London had expanded rapidly in recent years. It said: "This development has enhanced London dealers' ability to make deep and competitive markets in a wide range of European debt securities."

The Bank is now talking to Ecu market participants about the need for an improved settlement system but has not decided whether to press ahead with the plan.

However, the report said: "There is every sign that the cash and repo markets are developing at a pace which would make such a system a valued part of the Ecu market infrastructure."

If the market is enthusiastic, Bank officials have said a same-day settlement system could be in place by the end of next year.

The UK authorities are keen to capture an increasing share of Ecu bond market activity in London.

The UK *government's* 10-year Ecu2.25bn bond issue, launched in February last year, was widely seen as a move to attract business.

Earlier this year a programme of three-year to five-year Treasury notes was started *with the aim of improving* market liquidity at the shorter maturities.

● Lending by Japanese banks fell to 28.5 per cent of total international lending in London last year, down from 32.2 per cent in 1991, according to the Bank of England.

However, the Bank noted the contraction was mainly due to a reduction in *lending between* banks rather than to non-bank customers. In particular, Japanese banks have reduced previous heavy reliance on certificates of deposit.

In contrast, British banks' share of the market increased slightly to 15.6 per cent, the first increase since 1985.

S&P reduces rating on $2bn of Alcan debt

By Robert Gibbens *in Montreal*

STANDARD & Poor's, the US rating agency, has reduced its rating on nearly $2bn of Alcan Aluminium's long-term debt from A to A- but left Alcan's US commercial paper unchanged.

S&P cited Alcan's tightening cash flow due to persistently *lower world primary metal* prices and market disruptions caused by Commonwealth of Independent States exports.

Net financing needs rose in 1991 and despite cuts in capital spending and in the cost base, Alcan's debt leverage may rise in 1992, S&P said.

Aluminum Co of America's senior debt is rated as A, though S&P said all its ratings were under continuous review.

Finland's DM1bn offering attracts domestic investors

By Richard Waters

THE Republic of Finland yesterday took advantage of the rally in D-Mark bonds to launch a DM1bn, 10-year issue as attention swung back to *European currencies.*

INTERNATIONAL BONDS

Most international investors have been significantly under*weight in D-Marks, given the* inflationary wage demands from public sector, engineering and other unions and the strong monetary growth of recent months. Also, yield spreads had widened, offering better opportunities than in recent weeks.

News that the wage dispute with German engineering workers may have reached a *conclusion set the stage for* Finland, a double-A credit, to come to the market. Its deal was priced to yield 28 basis points over the benchmark 8¼ per cent Bund due 2001 (some 33 basis points over the 10-year fund issue). Demand was said *to have been heavy from* domestic investors, with three quarters of the issue being placed in Germany.

The bonds were bid later in the day at 99.45, just above the price at which they had been issued.

Parallel with the rally in D-Marks yesterday was a renewed surge in the Ecu, which has recently been the victim of sagging confidence in the convergence process of currencies within the ERM. Alcatel Alsthom, the French *telecommunications and engi*neering group, took advantage of this to come to the bond market with its first issue, a Ecu150m, five-year issue priced to yield around 9.2 per cent.

The Ecu market, starved of interest from large institutions, *has witnessed a constant flow* of retail-targeted deals recently. As a result some said the *Alcatel deal was likely to* take some time to place in full.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Bank of Greece(b)†	250	8⅛	99.82	1997	45/30bp	Merrill Lynch
Banesto Finance(c)†‡	100	(c)	100.05	2002	1	*Merrill Lynch*
Kidder Peabody Mortgage(d)‡†	205	(d)	100	1997	-	Kidder Peabody Secs.
Deutsche Bk. Fin.(e)	100	7¼	104.0875	1995	0.1875	Deutsche Bk.
STERLING						
Northern Rock B/S.(f)‡†	100	(f)	100	1994	0.26/0.16bp	S.G.Warburg
ECU's						
Alcatel Alsthom(a)†	150	9⅛	101.225	1997	1⅞/1.625	Morgan Stanley Intl.
D-MARKS						
Republic of Finland(a)†	1bn	8¼	102	2002	2½/1½	Deutsche Bank
Bayerische LFA Fin.(a)	200	zero	56.05	2000	1.307/0.825	Bayerische Ver.
Korea Dev. Bk.(a)†	200	8½	100.85	1997	2/1¼	Bayerische Landesbank
FRENCH FRANCS						
BNP(a)†	1.5bn	9	101.365	2002	2/1.625	BNP Cap. Mkts.
LIRE						
Cariplo(a)†	250bn	12	101.70	1997	1⅞/1¼	IMI Lux.

★★Private placement. §Convertible. ♯With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Coupon and price fixed 18/5/1992, issued on 15/5/1992. Non-callable. c) Coupon pays 75bp over bid side of 5 year swaps for first 5 years, thereafter pays 150 bp over 6 month Libor. Price fixed 18/5/1992, issued 11/5/1992. d) Coupon pays 60bp above 6 month Libor. Fees undisclosed. Non-callable. e) Fungible with existing $250m issue 40 days after payment. f) Coupon pays $\frac{1}{16}$ above 3 month Libor.

Switch at US securities unit

PRUDENTIAL Securities Japan plans to switch from speculative market segments and concentrate on institutional investors and large corporations, Reuters reports.

The US *group's* Japanese unit, a member of the Tokyo Stock Exchange since 1988, did *most of its business in Japan* with small companies and individual investors who pursued aggressive investment strategies financed on margin. These markets have been hit by the decline of Japanese equity values from their December 1989 high point, the Japan unit said.

The unit named Mr Michio Wakizono a managing director *to oversee this shift in Japa*nese equity products.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on May 18

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	71	0	9
Other Fixed Interest	12	3	2
Commercial, Industrial	436	171	839
Financial & Property	185	83	528
Oil & Gas	15	23	49
Plantations	0	0	9
Mines	32	36	77
Others	21	62	44
Totals	772	378	1,557

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	-	99	87	Amicable Smaller	99	+1	N3.1	-	4.2	-
-	F.P.	-	30	27	Do. Warrants	28		-	-	-	-
-	F.P.	-	423	376	Bodycote Intl (RFD)	423		8.75	3.0	2.8	15.5
-	F.P.	-	4	2	Brent Walker Wts to Sub	4		-	-	-	-
-	F.P.	-	36	20	♯CRP Leisure	20		-	-	-	-
†	F.P.	-	103	56	Capital Industries 1p	103		2.0	-	2.6	-
75	F.P.	-	90	84	♯Hughes (T.J.)	89	+1	W2.25	2.2	3.4	18.3
£10⅛	F.P.	-	£12⅛	£10½	Latin Am Inc & Appr. 1c	£10½		-	-	-	-
-	F.P.	-	40½	34½	M & G Recovery Inc.	40½		F3.75	-	12.3	-
-	F.P.	-	24	12¼	*Do. Capital*	24		-	-	-	-
-	F.P.	-	63½	46½	Do. Geared Units	63½	+½	F3.75	-	7.9	-
-	F.P.	-	119	96	Do. Package Units	119	+1	F3.75	-	4.2	-
-	F.P.	-	11	¾	Multitrust Warrants	11		-	-	-	-
-	F.P.	-	5	4	Platignum A	4½		-	-	-	-
115	F.P.	-	146	121	Roseby's	145		L4.3	1.7	4.0	16.7
100	F.P.	-	106	98	Templeton Emrg. Mkts. C.	105		-	-	-	-
585	F.P.	-	662	608	Waste Management Intl.	608		-	-	-	-
-	F.P.	-	25½	22½	Welpac (RFD)	25½		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
-	F.P.	-	15p	8p	Brent Walker Var Rte 2nd Prf '00/07	12p	
-	F.P.	-	12p	7p	Do. 8½pc 3rd Non-Cum Cnv Prf 2007/10	7½p	
-	F.P.	-	58p	48½p	M & G Recovery Zero Div Prf 1p	58p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
280	Nil	3/7	97pm	90pm	Lamont	95pm	-2
70	Nil	23/6	15pm	14pm	Martin (Albert)	15pm	
63	Nil	12/6	21pm	3pm	Resort Hotels	6pm	+2

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. v Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1992. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. § Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♯ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

● First Dealings May 18
● Last Dealings June 5
● Last Declarations August 20
● For settlement Sept 1

3-month call rate indications are also shown on this page.

Calls in C.H. Bailey, BTR 1994 and 1996 warrants, Betacom, British Thornton, Dolphin Packaging, Ferranti, Ossory Ests., Racal, Sheafbank and Stakis. Put in Hazlewood Foods. Put and call in British Steel.

LIFFE EQUITY OPTIONS

May 18 Total Contracts 19,926
Calls 14,432 Puts 5,494
FT-SE Index Calls 2,176 Puts 1,443
Euro FT-SE Calls 952 Puts 779
*Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

	p								
■ **INDUSTRIALS**		Charter Cons.	37	Ladbroke	14	Sears	9	■ **OILS**	
Allied-Lyons	46	Comm Union	34	Legal & Gen	22	SmKl Bchm A	60	Aviva Pet	25
Amstrad	6½	Courtaulds	39	Lex Service	18	TI	48	BP	20
Astec (BSR)	3	Eurotunnel	29	Lloyds Bank	32	TSB	11½	Burmah Castrol	44
BAT Inds	10	FKI	8	Lonrho	12	Tesco	22	Conroy Pet	7
BOC	52	*FNFC*	7	*Lucas Inds*	12½	Thorn EMI	63	Gaelic Res	½
BTR	32	Forte	21	Marks Spencer	27	T & N	11½	*Premier Cons*	2½
Barclays	28	GKN	30	Midland Bank	30	Unilever	70	Shell	33
Blue Circle	25	*Gen Accident*	38	*NatWest Bank*	26	*Vickers*	13	Tusker Res	½
Boots	39	GEC	15	P & O Dfd	37	Wellcome	80	■ **MINES**	
Bowater	60	Glaxo	59	Racal Elect	5	■ **PROPERTY**		RTZ	47
Brit Aerospace	26	Grand Met	35	*RHM*	18	*Brit Land*	19		
British Steel	6½	GRE	12	Rank Org	55	Land Sec.	34		
Brit Telecom	24	Hanson	18	Ratners	2½	MEPC	26		
Cadburys	33	ICI	95	Reed Intl	44	Mountleigh	1½		

هكذا من الأصل

COMPANY NEWS: UK

Land write-downs put Prowting £17.7m in red

By Andrew Taylor, Construction Correspondent

PROWTING yesterday became the latest UK housebuilder to announce large provisions against its land holdings due to sharply falling property values.

Mr Terry Roydon, chief executive, said that after a write-down of more than £22m the group incurred a pre-tax loss of £17.68m in the 12 months to the end of February.

This compared with a profit of £7.55m in the previous 12 months and was struck on turnover down from £40.8m to £36.4m. After all deductions losses per share came out at 18.8p compared with earnings of 6.9p in 1990-91.

Despite the setback the final dividend is being maintained at 3.3p making a same again total of 5p.

Mr Roydon said that the company had decided to keep faith with shareholders on the grounds that: the write-down in land values was a "one-off" and was unlikely to be repeated; there were signs that the housing market was starting to pick up and the group's financial position remained relatively strong.

He said that dividend payments were 80 per cent covered by earnings before taking account the large write-down on landholdings.

The average cost in Prowting's books of the 5,400 plots it owns with planning permission had fallen from £17,200 to just £13,000 as a result of the exceptional provisions. About 2,000 plots were acquired before 1986 at very low prices, said Mr Roydon, which would command a good margin of profit as the housing market recovered and sites were developed.

Terry Roydon: keeping faith with shareholders

The company builds in the west Midlands and southern England, "everywhere south of Birmingham." It has been badly affected by the recession which has hit hardest in the south of the country. Last year the group sold 273 homes compared with 296 previously and a peak of 704 in 1988-89.

Average prices of the group's homes have tumbled during this period from £141,000 in 1988-89 to £103,000 last year.

Mr Roydon said the housing market remained very difficult but there were signs that sales were beginning to pick up.

"During the first four months of this year we have sold about 10 per cent more homes than during the corresponding period last year. Sales halted during the general election period but have picked up again since. The south-west of England market has seen the best improvement as far as our business is concerned."

● COMMENT

The provisions announced yesterday by Prowting are much higher than the group needed to make. Even at current prices they leave room for a 25 per cent gross margin. The company's land bank is sufficient for more than a dozen years' production, even assuming the group achieves its sales target of 400 homes this year and still allows for some land sales to help reduce gearing from its current level of 59 per cent to about 40 per cent by the end of this year. A £6.5m tax rebate due in December will assist debt reduction. The company's long land bank, at cheap prices, makes it a classic housing recovery stock. The questions investors must ask themselves are: will the current upturn be sustained or will it peter-out like it did last summer; and how much of the recovery potential is already reflected in Prowting's share price? A prospective p/e in the early 30s on pre-tax profits this year of £5m suggests that the current price is rich enough at least until the first question is resolved more clearly.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
ACT Group ....fin	3†	Aug 10	2.5	4.5	3.75
Baris § ....fin	nil	-	4.6	2	6.6
Berry Birch ....fin	2.2	July 10	1.5	3.2	1.5
German Invest ....fin	*0.6*	*July 8*	*0.8*	*0.6*	*0.8 ‡*
Holmes/Marchant ....int	nil	-	3.3	-	3.3
Jarvis Porter ....fin	3	-	2.8	4.4†	4.2
LOF ....fin	1.25	July 10	1	1.25	1
Prowting ....fin	3.3	July 2	3.3	5	5
Sth Staffs Water ....fin	26.7	July 1	-	40.2☆	-
Whitbread ....fin	12.4	July 31	12	16.95	16.3

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡For 13 months. ☆Includes 2.6p average statutory dividend.

Ian Maxwell sued in High Court for unspecified damages

By Richard Gourlay

MR IAN MAXWELL, the son of the late publisher and director of the company that was supposed to have managed most of the Maxwell empire's pension funds, has been sued in the High Court.

The writ claiming unspecified damages was issued on May 8 by provisional liquidators of Bishopsgate Investment Management where more than half the £886m of pension money may have disappeared.

The action lists a series of transactions worth more than £400m where Mr Maxwell is accused by Robson Rhodes, the liquidators, of breaching his fiduciary duties as a director of BIM.

The new proceedings follow a similar writ brought last December against his brother, Mr Kevin Maxwell, in which the liquidators sought damages of £450m.

Mr Cooper said yesterday that about £448m of the pension fund money had either disappeared or had been wrongly transferred from BIM.

The black hole in the pension fund has more than 30,000 employees and pensioners in Mirror Group Newspapers and the private companies who until Mr Robert Maxwell's death last November had assumed their pensions were safe.

Some £238m are in the liquidator's hands although many of the underlying investments were highly illiquid, Mr Cooper said.

Unlike in the earlier case against his brother, Mr Ian Maxwell has not been required to surrender his passport nor have any of his assets been frozen as a result of the writ.

Robson Rhodes is currently trying to establish whether the liquidators on behalf of pensioners have a right to investments transferred to banks as security for loans to the Robert Maxwell Group and other private Maxwell family companies.

Standard Fireworks to be sold in £27m management buy-out

By Ian Hamilton Fazey, Northern Correspondent

SCOTTISH Heritable Trust (SHT), which is under pressure from its bankers over its debts and commercial property portfolio, has sold its Standard Fireworks subsidiary in a management buy-out costing £27m.

The deal, if approved, will reduce SHT's gearing to below 200 per cent from 270 per cent last December.

Huddersfield-based Standard is Britain's last fireworks manufacturer and Europe's biggest, competing mainly against Chinese imports. It made profits of £2.7m on £18.7m sales last year, but SHT said yesterday it was "a seasonal business in spades".

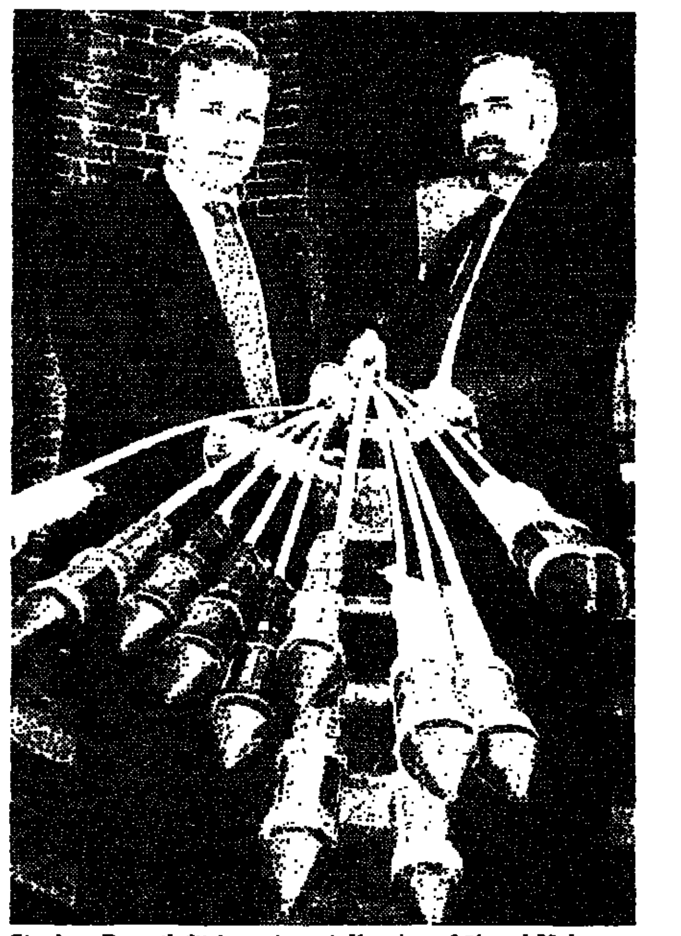
It has negative cash flow of £1.25m a month for much of the year, but an explosion of profit every November 5, when Britain celebrates the failure of Guy Fawkes' gunpowder plot to blow up the Houses of Parliament in 1605. In between, there are sales to events like fetes and carnivals, but these make little impact on the whole.

Even the structure of the buy-out reflected the "once-a-year" nature of the business. SHT is getting about £15.2m of value £12m for the business and £3.2m repayment of inter-company debts but the purchasers have had to find another £12m for working capital to survive until the main November pay day.

SHT bought Standard from Yorkshire's Greenhalgh family in 1986, and then absorbed Brock, a principal competitor, soon afterwards. Mr Stuart Macdonald, SHT's finance director, said the sale to the management represented a profit of at least £10m on the costs of the original purchases, and £3.5m in terms of net asset values.

SHT brought in the management team, headed by Mr Mel Barker, in 1988. As pressures on SHT built, Mr Barker seized his chance, armed with £7.3m of equity and mezzanine loan capital from 3i and Prudential Venture Managers, and £19m of senior debt and banking facilities from the Bank of Scotland.

Armed with independence, Mr Barker plans an export drive, as well as consolidation of a growing UK market that seems to have been recession-proof. Standard has also established itself as a pacesetter for official standards in a highly regulated industry. This is helping to keep sub-standard imports out.



Stephen Ross (left) investment director of 3i and Mel Barker, managing director of Standard Fireworks

Mr Macdonald said SHT's borrowings would now fall by nearly £12m to £29m, based on last December's year-end figures, when Standard's net assets were worth £5.4m. SHT's turnover would fall by 25 per cent but it would not have to cope with summer debts of the fireworks business. SHT shareholders' funds should rise to £18.8m.

John Wood surges to £16.9m

By James Buxton, Scottish Correspondent

JOHN WOOD Group, the privately-owned Aberdeen-based company, increased its pre-tax by 78 per cent, from £9.5m to £16.9m, in 1991.

The group is one of Britain's leading providers of oilfield services. It lifted sales by 44 per cent to £173.8m (£120.8m).

Mr Ian Wood, chairman, said that much of the larger turnover resulted from a greater volume of offshore servicing activities in the North Sea, where the group now operated on the basis of long term contracts with the major oil companies.

However, margins on those "partnering" arrangements were lower than in the days before long-term contracts became common.

The group was also strengthening its non-oil activities especially in the field of gas turbine maintenance, where it had joint ventures with a number of gas turbine manufacturers.

Mr Wood said the North Sea was entering a challenging phase as oil companies faced a squeeze on their profits because of the reduction in oil prices, while at the same time carrying out big refurbishment programmes to extend the life of their installations.

Some exploration and new field developments plans were being delayed.

In January, Wood placed £8.3m worth of convertible preference shares with 13 institutions, most of them Scottish.

That doubled the proportion of the group owned by institutions to 18 per cent, and reduced the stake of the Wood family to 73 per cent.

Mr Wood said yesterday that the group would not be interested in a public flotation for about four years.

However, he did not rule out the possibility of obtaining a stock exchange listing through the acquisition of a quoted company.

Jarvis Porter advances to £2.7m

By John Thornhill

JARVIS PORTER, the label printing specialist, said there was evidence of a more consistent pattern of orders emerging from its customers as it reported a 17 per cent rise in pre-tax profits to £2.7m.

But the company, which supplies labels for such products as Scotch whisky bottles, toiletries and pharmaceutical packages, said it was not expecting any "sudden increase in demand".

Mr Richard Brewster, chief executive who joined Jarvis Porter after engineering a spectacular period of growth at David S Smith, the paper group, said the results were "better than he expected".

The company's shares closed 10p higher at 136p as a result of the confident statement.

In the year to February 29, sales rose from £27.87m to £28.4m. Sales were boosted by £3.8m and operating profits by £400,000 as a result of the inclusion of the recently-acquired Glasgow-based Holmes McDougall label business.

The acquisition, which was completed in June, was said to have "bedded down extremely well". Jarvis Porter spent a further £2.9m investing in upgrading its technology.

However, the company recorded a sharp drop in earnings from 8.6p to 6.8p after making a £500,000 provision against anticipated rationalisation costs. Jarvis intends to cut its production facilities from three to two sites.

A final dividend of 3p was recommended lifting the yearly pay-out to 4.4p (4.2p).

Severance costs leave Mining & Allied lower

Mining & Allied Supplies, the power transmission group, suffered a setback in its first half but is looking for the year's profit to be in line with the £281,000 achieved in 1990-91.

In the six months ended March 31 1992 pre-tax profit slumped from £161,000 to £12,000, after absorbing a loss of £129,000 in Westwood Dawes. That included substantial severance costs as the workforce had been cut by 57 per cent since last September.

During the last two months Westwood's order intake showed signs of recovery, but break-even was expected for the year, said Mr Daniel Slabbert, the chairman. Its future viability was being re-assesed as it constituted less than 7.5 per cent of group sales.

Group turnover slipped to £9.7m (£10.4m). Earnings per share came to 0.04p (0.38p).

In Canada the group is to strengthen its capital base by merging its subsidiary with Heenan Senlac Resources, and the resultant undertaking will be listed in Toronto. With the initial share consideration and a placing to follow, the UK company will control 74.9 per cent of the capital.

The Canadian business can then expand without having to rely on the parent company for additional requirements.

Deutsche Bank
Aktiengesellschaft
Frankfurt am Main

A copy of this advertisement has been delivered for registration to the Registrar of Companies.
If you are in any doubt about this offer you should consult a stockbroker, bank manager, solicitor, accountant or other person authorised under the Financial Services Act 1986 who specialises in advising on bonds and warrants. The markets in warrants can be highly volatile and warrants carry a high risk of loss.

Offer to Subscribe for Participatory Certificates with Warrants

Pursuant to the authority granted at the Ordinary General Meeting of 23rd May, 1991 the Board of Managing Directors resolved to issue bearer participatory certificates with option rights to subscribe for shares of Deutsche Bank AG (participatory certificates with warrants), for a total nominal amount of DM 1,500,000,000.
The participatory certificates with warrants (hereinafter: "PCWs") will be offered for subscription to:
- the shareholders of Deutsche Bank AG — in the ratio of 1 for 35
- the holders of 4% Convertible Bonds of 1984 of Deutsche Bank AG — in the ratio (nominal amounts) of 1 for 8.75
- the holders of warrants from the 5½% Deutsche Mark Bonds with Warrants of 1986/1996, 5% Deutsche Mark Bonds with Warrants of 1987/1993, 4¼% Swiss Franc Bonds with Warrants of 1987/1997, issued by Deutsche Bank Finance N.V., Curaçao, and assumed by Deutsche Finance (Netherlands) B.V., Amsterdam — in the ratio of 1 for 35
- the holders of warrants from the Participatory Certificates with Warrants of 1991 of Deutsche Bank AG — in the ratio of 1 for 35

at the issue price of 120% per PCW of par value DM 1,000. Fractions of PCWs which are not required for subscriptions are removed from the subscription rights. The key terms of the PCWs are summarised as follows:

Denomination: Bearer PCWs ranking pari passu with each other with par value DM 1,000, DM 5,000 and DM 10,000.
The PCWs represent creditor rights not equity rights, in particular they do not confer the right to attend, participate in or vote at General Meetings of Deutsche Bank AG.

Distribution: Holders of PCWs receive an annual distribution of 8.75% of the nominal amount of the PCWs, prior to the dividend payment to the shareholders of Deutsche Bank AG.
The distributions on the PCWs are limited in that no balance sheet loss may be caused by them. There is no claim to back payments.
The PCWs are entitled to distributions from 11th June, 1992, that is ranking for 200/360 distribution for the financial year 1992.
The distribution for each year is payble in arrears on 30th June of the following year.

Taxation: 25% investment income tax (Kapitalertragsteuer) will be subtracted from the distributions before payment; no corporation tax (Körperschaftsteuer) credit is given.
If the recipient of the distributions is domiciled in a country other than the Federal Republic of Germany, which has a double-taxation convention with the Federal Republic of Germany, and this agreement provides for a withholding tax rate lower than 25% for the respective income, said recipient may apply at the Bundesamt für Finanzen, Friedhofstrasse 1, D-5300 Bonn 3, for a refund of any tax withheld in excess of the amount stipulated in the agreement. Applications for refund must be filed on official forms no later than the end of the fourth year following the tax payment.
Taxation in countries other than the Federal Republic of Germany, in particular the question of whether and to what extent a recipient of distributions can obtain a tax-credit in his own country for the investment income tax withheld in the Federal Republic of Germany, is determined by the tax laws of the respective country.
These statements as to taxation are based on the tax law currently in force.

Life and Redemption: The PCWs will mature at the end of the financial year 2003. Subject to the provisions regarding participation in losses, the PCWs will be redeemed at par. The amount to be repaid is due on 30th June, 2004. The amount to be repaid will bear interest from the maturity date of the PCWs until the due date, in an amount corresponding to the distribution for the financial year 2003.

Call Right: If a legal provision is enacted, amended or applied in the Federal Republic of Germany as a result of which the distributions to be made by Deutsche Bank AG in whole or in part no longer reduce the bases for income taxes and/or that the participatory capital to be repaid can in whole or in part no longer be reported as debt for the purpose of determing the assessed value of operating assets, Deutsche Bank AG may call the PCWs, on giving not less than 2 years' notice at the end of any financial year – but no earlier than 31st December, 1997.
The holders of PCWs have no right to call the PCWs.

Participation in Losses: If a balance sheet loss is reported or if the share capital of Deutsche Bank AG is reduced to cover losses, the claim to repayment of each PCW-holder is reduced. In case of a balance sheet loss the claim to repayment of each PCW-holder is reduced proportionately to the reduction of equity including participatory-capital reported on the balance sheet, which would result from the offsetting of the balance sheet loss. In the case of a reduction of capital the claim to repayment is reduced in the same proportion as the new capital is reduced in relation to the former capital of Deutsche Bank AG. Losses brought forward from previous years are not considered in this context.

Subsequent Increase of Claims to Repayment: If profits are made in financial years following a participation in losses by PCW-holders, the claims to repayment will be raised, out of such profits, up to the nominal value of the PCWs before such profits are appropriated – provided the statutory reserves have first been replenished as required by law. This obligation exists only during the life of the PCWs.

Subordination: The claims from the PCWs rank after the claims of all other creditors of Deutsche Bank AG, which are not also subordinate claims. In case of the liquidation of Deutsche Bank AG the PCWs will be paid after all the other creditors and before the shareholders; the PCWs do not entitle holders to a share of the assets remaining after liquidation.

Information pursuant to § 10 sub-paragraph 5 Sentence 4 German Banking Act: Participation in losses cannot be altered after the fact: the subordination of the PCWs cannot be limited nor the life of the PCWs nor the period of notice with respect to calls shortened. An early redemption payment is to be returned to Deutsche Bank AG, regardless of any agreements to the contrary, unless under applicable law, the right to report participatory capital as liable capital is not endangered if such repayment is not made.

Warrants: [illegible]

Subscription Right and Subscription Price: [illegible]

Subscription Period: [illegible]

Exercise of the Subscription Right: [illegible]

Reduction of the Subscription Price: [illegible]

Conditional Capital: [illegible]

Securities Index Numbers: 804 050 PCWs with warrants; 804 051 PCWs without warrants; 804 052 Warrants

[illegible]

Subscription agents in Great Britain are the following:

Deutsche Bank Capital Markets Ltd.
150 Leadenhall Street
London EC3V 4RJ

Midland Bank plc
Ground Floor, Suffolk House
5, Laurence Pountney Hill
London EC4R 0EU

[illegible]

Frankfurt am Main, 19th May, 1992
The Board of Managing Directors

BRITANNIA BUILDING SOCIETY

£125,000,000
Floating Rate Notes
Due 1995

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three month interest period from (and including) 18th May 1992 to (but excluding) 18th August 1992 the Notes will carry a rate of interest of 10⅛% per cent. per annum. The relevant interest payment date will be 18th August 1992. The coupon amount per £10,000 Note will be £253.85 and per £100,000 will be £2,538.50 payable against surrender of Coupon No. 14.

Hambros Bank Limited
Agent Bank

HEART LIMITED
US$30,000,000
Secured Floating Rate Notes Due 1993

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from the 13th May 1992 to 13th November 1992, the Notes will bear a rate of interest of 4.32375 pct.

The interest amount payable on 13th November 1992 will be US$2,209.92 per US$100,000 note.

DKB International plc
London
Agent Bank

DAI ICHI KANGYO AUSTRALIA LIMITED
US$63,000,000
Floating Rate/Fixed Rate Guaranteed Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from the 14th May 1992 to 16th November 1992, the Notes will bear a rate of interest of 4.3925 pct.

The interest amount payable on 16th November 1992 will be US$226.95 per US$10,000 note.

DKB International plc
Agent Bank

This notice is issued in compliance with the requirements of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The London Stock Exchange"). It does not constitute an invitation to any person to subscribe for or purchase any of the Ordinary Shares. Application has been made to The London Stock Exchange for the whole of the issued share capital of Govett American Smaller Companies Trust PLC, issued and to be issued, to be admitted to the Official List. Dealings on The London Stock Exchange are expected to commence on 29th May, 1992.

GOVETT AMERICAN SMALLER COMPANIES TRUST PLC

(Registered in England No. 2706599)
(An investment company within the meaning of section 266 of the Companies Act 1985)

Introduction to The London Stock Exchange
by

Lazard Brothers & Co., Limited

relating to the issue of up to 200,000,000 Ordinary Shares of 25p each pursuant to the reconstruction of Govett Atlantic Investment Trust PLC

Share Capital following the Introduction

Authorised		Issued and to be issued, fully paid*
£50,000,000	in Ordinary Shares of 25p each	£2,500,000

*on the basis that the value of the assets to be transferred to Govett American Smaller Companies Trust PLC pursuant to the scheme of reconstruction will amount to £10 million, being the minimum amount which may be transferred under the scheme of reconstruction.

Details of the above mentioned shares are included in the Companies Fiche Service available from Extel Financial Limited, 37-45 Paul Street, London EC2A 4PB from 15.00 hours on 20th May, 1992.

Copies of listing particulars may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) until 21st May, 1992 from the Company Announcements Office of The London Stock Exchange, Old Broad Street, London EC2N 1HP (for collection only) and until 2nd June, 1992 from:

Sponsor to the Introduction
Lazard Brothers & Co., Limited
21 Moorfields
London EC2P 2HT

Stockbroker to the Introduction
UBS Phillips & Drew Securities Limited
100 Liverpool Street
London EC2M 2RH

Govett American Smaller Companies Trust PLC
Shackleton House
4 Battle Bridge Lane
London SE1 2HR
19th May, 1992

ACT rises 34% and makes £5m purchase

By Alan Cane

SALES AND profits last year at ACT, the Birmingham-based computing services company, continued to display the vigorous growth the company has been experiencing since it disposed of Apricot, its hardware arm, to Mitsubishi of Japan two years ago.

Yesterday it reported sales for the year to March 31 up 21 per cent at £119.4m (£98.8m) while pre-tax profits rose 34 per cent to £17m (£12.7m). The results were at the top end of analysts' expectations. The shares rose 4p to 192p.

ACT also announced the acquisition of Medical Computer Services, which specialises in systems for private health care, for £5.02m, satisfied by the issue of 2.7m shares and the payment of about £42,000 in settlement of MCS share options.

Settlement in shares was at the request of the MCS owners. ACT has net cash balances of £24.3m for acquisitions.

Mr Roger Foster, ACT founder and chairman, said each of the six divisions made money in the year. However profits slipped at Logsys, a systems integrator specialising in public sector contracts, which made £630,000 on sales of £27.5m and Computer Support, with £5.1m on £26.8m.

Roger Foster: portfolio protects against downturn

In contrast, the financial services division, boosted by the acquisition of Quotient and the Irish Kindle Group during the year, made pre-tax profits of £7.5m on sales of £44m.

Mr Foster claimed the company's portfolio of products and market sectors was now wide enough to protect it against downturns in specific sectors.

He emphasised the importance of software products, which were stable and cash generative and in which the group had investments totalling more than £50m.

Earnings per share were 10.83p (9.5p) and a final dividend of 3p is recommended for a total of 4.5p, an increase of 20 per cent on the 3.75p paid last time.

● **COMMENT**

Even if the contributions from acquisitions is stripped away, ACT's performance in a year which many computer companies thought the worst ever is remarkable and the company's credibility is strengthening rapidly. Analysts are pencilling in profits before tax of about £23m for the present year and £27m next. With a prospective p/e of about 15 the stock seems neither overpriced nor particularly risky.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Apollo Metals, Archimedes Inv. Trust, Capital Radio, Countryside Properties, Kunick, Leeds, Molyneux Estates, Tunstall, Young (H)

Finals- Allied-Lyons, British Airways, Corporate Services, Ralston Inv Trust, Readicut, Sedgwick

FUTURE DATES

Interims-

Carlton Communications	May 27
Hoskyns	June 24
M & G Group	May 28
Scottish Inv Trust	May 28
Finals-	
Abtrust New European	May 21
Chesterfield Properties	May 21
Mercury Asset Management	May 26
Mezzanine Cap & Income	May 26
NEC Corp	May 26
National Power	June 16
Park Foods	May 29
Plysu	May 21
Property Partnerships	June 5
Rolfe & Nolan	May 28
Siebe	June 3
Shires Inv. Trust	May 21
Southnews	May 29
Toshiba Corp	May 26

Saatchi in move to gain attraction in the US

By Gary Mead, Marketing Correspondent

SAATCHI AND SAATCHI, the advertising group, has announced details of plans to consolidate existing ordinary shares in order to make the company a more attractive stock in the US.

Under the proposal, which will be put to shareholders at an extraordinary general meeting, following the annual meeting on June 10, every 10 ordinary shares of 10p will be consolidated into one new ordinary share of 25p.

At the same time every 10 American depositary receipts, each representing three 10p ordinary shares, will be exchanged for one new ADR representing three ordinary shares worth 25p each.

The company gives as its reasons for the move the need to increase its attractiveness to US investors and to improve company administration. Saatchi group currently has more than 1.5bn shares in issue.

Saatchi has also issued its 1991 annual report, which reveals that five directors – Mr Robert Louis-Dreyfus, Mr Maurice Saatchi, Mr Charles Saatchi, Mr Charles Scott and Mr Jeremy Sinclair – have agreed to waive £1m of salary entitlements for the current year ending in December.

The Saatchi brothers are each waiving £312,500, the same as in 1991. The report also shows six institutional holders of three per cent or more of the ordinary share capital of the company, led by the State of Wisconsin Investment Board, with 7.97 per cent.

NEWS DIGEST

LOF shows 31% improvement to $2.67m

IN A VOLATILE trading environment, London & Overseas Freighters, the UK tanker company, raised pre-tax profits by 31 per cent from \$2.04m to \$2.67m (£1.5m) in the year to March 31 1992. Net freights and hire income climbed 11 per cent to \$11.65m.

With earnings per share at 11.9p (8.4p), the dividend has been raised from 1p to a recommended 1.25p. Cash flow remained strong at \$5.91m and debt was reduced by 33 per cent from \$15m to \$10m.

Market values of each of the company's tankers fell by 20 per cent from \$24.5m to \$19.25m over the year.

The directors said that this year both the "London Spirit" and "London Victory" would carry out their biennial repairs with a consequent loss of earnings. This, together with increasing costs and borrowings associated with the new-building vessel, would put pressure on operating margins over the next year.

Baris near £1m loss after provisions

Reduced profitability and heavy provisions against contracts in Spain and the UK have pushed Baris Holdings, the fire protection and dry lining specialist, into a pre-tax loss of £948,000 for the year ended February 1992.

That represented a £3.18m downturn on the £2.23m pre-tax profit of the previous year.

Accordingly, the directors are not recommending a final dividend, leaving the 3p interim as the year's total (6.6p). Losses per share were 13.3p (earnings 20.2p).

Mr Robert Smith, chairman, said the company suffered from recession in the UK construction market and the dispute on the Vila Olimpica project in Barcelona, and had made exceptional provisions of £1.8m for contracts.

Also, the company entered a borrowing position with net interest charges of £149,000, against income of £119,000, as it experienced a lengthening period of debtor collection.

Mr Smith said the second half performance was creditable in that turnover was £12m (out of a total of £23.2m) and generated an operating profit of £618,000.

Impshire reduces losses to I£255,000

Impshire Thoroughbreds, the Irish breeding and racing concern, reported a reduced loss before tax of I£255,000 (£232,000 sterling) in the year to end-December.

This compared with a deficit of I£1.56m last time. Losses per share were cut from 21.5p to 4.5p.

Intl Resort Holdings in receivership

International Resort Holdings, the loss-making property and leisure group which owns Collingtree Golf course, has gone into receivership leaving debts of £14m.

Mr Peter Mills of receivers Smith & Williamson said the company was "significantly insolvent", with liabilities far exceeding assets. At the end of March 1991, IRH had assets of about £16m.

Mr Mills said an unofficial valuation earlier this year, commissioned with a view to a rescue rights issue, had shown that the company's asset value had fallen too far to allow a cash call. IRH was suspended at 33p last month following the findings.

Bankers Gamelstaden – which holds a 15 per cent stake in IRH – and Bank of Scotland called in the receivers on Friday afternoon.

Mr Mills said he was in talks on the sale of Collingtree, in Northampton. The golf course and property development is valued at £9m in the company's books, but Mr Mills said it was now worth "significantly less than that".

Substantial cut in Tullow deficit

Following the elimination of exceptional charges, Tullow Oil cut its loss to I£54,000, or £49,000, in 1991.

The year included I£106,000 exceptional credits, being profit on part assignment of the Yemen licence interest, less I£394,000 written off Spanish and Irish licences and new venture appraisal costs.

In the previous year exceptional charges were I£1.49m in a total loss of I£1.56m.

During the year the main production income continued to come from the Senegal gas project.

Turnover came to I£928,000 (I£912,000) and the operating deficit to I£201,000 (I£58,000). Losses per share were 0.04p (1.34p).

German Investment net assets up 9%

Some recovery in the German market in the second year of the German Investment Trust enabled the trust to raise its undiluted net asset value by 9 per cent to 87.5p at March 31, 1992, against 80.1p a year earlier.

Net available revenue dropped to £235,064 for the year, against £314,491 in the previous 13 months period, but which included a significant contribution arising from interest earned on the cash proceeds of the offer prior to investment.

Earnings per share fell from 0.81p to 0.6p and accordingly, the dividend has been cut from 0.8p to 0.6p.

Gartmore European asset value ahead

At March 31 1992, net asset value of Gartmore European Investment Trust stood at 96.6p, compared with 94.7p six months' earlier and with 95.4p at end June 1991.

Gross revenue for the half year ended March 31 totalled £178,000, net revenue came to £16,000 and earnings per share 0.09p.

The comparative figures shown this time are for the six months ended December 31 1990, as the trust had changed its year-end. Gross revenue was £370,000, net income £143,000 and earnings per share 0.84p.

Berry Birch surges after low tax charge

Higher turnover and profits, and a more than doubled dividend for the year ended January 31 1992 are announced by Berry Birch & Noble, financial adviser and insurance broker.

Turnover rose to £5.66m (£5.26m) and pre-tax profit to £816,000 (£628,000), while earnings per share came to 10.04p (6.18p) after a substantially reduced 22.5 (38) per cent tax charge.

There is a final dividend of 2.2p to make 3.2p for the year, against 1.5p.

Bayer: Expertise with Responsibility.

Europe is our home market; our objective is to further strengthen our presence in North America and the Far East.

The creation of the Single European Market comprising about 345 million people will open up new opportunities for industry and commerce from 1993. With production facilities in virtually all EC countries, broadly based R & D activities and an extensive marketing network, Bayer is poised to take advantage of this new era.
In 1991 Bayer's companies in the EC generated nearly two-thirds of Group sales and about 70 per cent of Group earnings.
These figures show quite clearly that Europe has become our home market. And this gives us the base we need for continued growth in North America and further expansion of our presence in the Far East.
Bayer is a globally oriented company, so strengthening our position in these key regions is a matter of prime importance.

KEY DATA

1991: Group sales DM 42,401 million. Sales outside Germany accounted for 78.3 per cent of this.

Group capital expenditures DM 3,074 million. Group R&D expenses DM 3,007 million.

Group net income (after minority interests): DM 1,824 million.

Dividend: DM 13 per share of DM 50 par value.
Payout: DM 838 million on capital stock of DM 3,225 million distributed among some 375,000 stockholders.

We would be happy to provide more information. Please write to: Bayer AG, Public Relations Department, 5090 Leverkusen, Germany.
Bayer Aktiengesellschaft Leverkusen

Bayer

COVENTRY

The FT proposes to publish this survey on May 26 1992. from its print centres in Tokyo, New York, Frankfurt, Paris and London. It will be read by senior businessmen and government officials in 160 countries worldwide. It will be of particular interest to the 130,000 directors and managers in the U.K. who read the weekday FT. If you want to reach this important audience with your services, expertise or products whilst maintaining a high profile in connection with Coventry
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on 021 454 0922
or Fax: 021 455 0869
George House, George Road,
Edgbaston, Birmingham B15 1PG

Data source: BMRC Businessman Survey 1990

NOTICE TO SHAREHOLDERS OF MLH REALTY INVESTMENTS VI N.V.

Notice of the Annual General Meeting of Shareholders of MLH REALTY INVESTMENTS VI N.V. (the "Company") is hereby given. The meeting is to take place on May 31, 1992, at the registered office of the Company, 6 John B. Gorsiraweg, Curaçao, Netherlands Antilles. The agenda of the meeting is set forth below.

AGENDA

Annual Meeting of Shareholders of MLH REALTY INVESTMENTS VI N.V.

1. Report by the Board of Supervisory Directors on the course of business of the Company and on the administration conducted during the fiscal year ended November 30, 1991.
2. Discharge and subsequent re-election of the Board of Supervisory Directors.
3. Report by the Board of Managing Directors on the course of business during the fiscal year ended November 30, 1991.
4. Further appropriation of the Net Result of the period November 30, 1990 thru November 30, 1991.
5. Confirmation and adoption of the Balance Sheet and Profit and Loss Account for the period ended November 30, 1991 and as presented in the report by the accounting firm of Deloitte & Touche dated May 1, 1992.
6. Discharge and subsequent re-election of the Board of Managing Directors.
7. Selection of independent auditors.

Shareholders, by executing the subscription agreement for their shares have executed a discretionary proxy in favour of Yvomante Corporation N.V., authorizing Yvomante Corporation N.V. to vote the investor's shares. This proxy may be revoked either personally at the General Meeting of Shareholders or by written notice to Yvomante Corporation N.V., 6 John B. Gorsiraweg, Curaçao, Netherlands Antilles, received prior to such meeting. Shareholders have the opportunity to instruct Yvomante Corporation N.V. as to the voting of their shares by writing to Yvomante Corporation N.V. at the above address.

MLH REALTY INVESTMENTS VI N.V.
by: Pierson Trust (Curaçao) N.V.
Managing Director

PETROFINA

Société anonyme
Office: 52 rue de l'Industrie - B-1040 Brussels
VAT No 403.079.441 - R.C. Brussels No 227.957

Dividend Notice

At the Annual General Meeting held on May 8, 1992, the Shareholders approved a dividend payment of BEF 561 (or BEF 421 net after deduction of withholding tax) in respect of 23,124,477 shares outstanding at December 31, 1991, coupons numbered 7 to 30 still attached. For the 125,000 AFV shares, with coupons numbered 7 to 30 still attached, the dividend amounts to BEF 449 net after deduction of withholding tax.

The dividend will be payable as from May 21, 1992 against coupon Nº 7 at:

Banque Bruxelles Lambert Générale de Banque
Kredietbank Banque Paribas Belgique
Banque Nationale de Paris Crédit du Nord
Banque Internationale a Luxembourg Banque Générale du Luxembourg
Algemene Bank Nederland Amsterdam-Rotterdam Bank
Commerzbank Deutsche Bank Dresdner Bank
Crédit Suisse Swiss Bank Corporation Union Bank of Switzerland
Credito Italiano Barclays Bank (168 Fenchurch Street, London)
as well as at Petrofina's office in Brussels.

COMPANY NEWS: UK

Thornton Inv seeks £100m for new trust

By John Authers

THORNTON Investment Management is seeking to raise £100m via an international placing for a new investment trust which will invest in European smaller companies.

Other investment trust launches are also expected, despite the widespread opinion that such new issues might be halted following a series of ambitious flotations at the end of the 1991-92 tax year, which were aimed at taking advantage of tax loopholes.

Thornton's trust will be called European Smaller Companies and will be distributed by Thornton in the UK, by Banque Nationale De Paris in France, and Dresdner Bank in Germany. These companies will also share the fund management, which will be devolved to the three countries.

It will qualify as a UK investment trust, and will be incorporated in England. The trust will also be listed on the Paris and Frankfurt stock exchanges.

UBS Phillips & Drew will sponsor the issue. Stock will be distributed in £5 units consisting of five ordinary shares and one warrant, and investors will also be allowed to subscribe in German or French currency at a "comparable" price.

Mr Peter Walker, the former cabinet minister who is chairman of Thornton and the new trust, said the issue in the UK and Germany will be aimed equally at the wholesale and retail markets, while the French marketing will be set primarily at institutions.

He said the fund would aim to take advantage of the establishment of the EC single market and the reconstruction of Eastern Europe. It will be jointly managed by Thornton, Dresdner and BNP. Each company will be remunerated equally, regardless of the share of the fund they manage – according to Mr Walker this will remove any incentives to distort the fund's asset allocation.

The company had opted for a closed-end structure because this would allow the fund managers more freedom. An open-ended structure might have obliged the managers to sell stock in the event of heavy redemptions, Mr Walker stated.

According to the provisional timetable the offer for subscription will open on June 15 and close on July 7, with dealings commencing on July 14.

Danish plan by Budgens with £1.5m bakery buy

By Peter Pearse

THE MEN who turned round a German supermarket business before being given the helm at a faltering British food retailing chain, are now keen to develop a continental-type bakery in a bolt-on acquisition and expect shortly to hire a Danish master baker.

Budgens has bought family-managed Gilsons The Bakers for about £1m and is assuming banking liabilities of about £500,000.

This is not the first bakery operation with which Budgens' Mr John von Spreckelsen, Mr Christian Williams, and Mr Graham Rigby – respectively chief executive, director and finance director – have been involved. Before the Budgens call, they revived the fortunes of Kafu Wasmund, the Bremen-based chain of supermarkets, which included a bakery business. Mr Williams will become Gilsons' chairman.

Founded soon after the turn of the century, Gilsons is based near Heathrow. Its customers already include 15 of Budgens' 96 stores, as well as other supermarkets, catering companies and Gilsons' two retail outlets.

Currently about 40 per cent of its £3.4m turnover is to the catering trade, and when the acquisition is complete, it will supply some 30 Budgens stores. In 1991, operating profits were about £350,000.

Gilsons' traditional British baking will be maintained, but one of Denmark's 20,000 qualified master bakers will be employed to spice up and add to the operation, especially the pastries side.

South Staffs' 36% advance boosts shares

By Peter Pearse

Shares in South Staffordshire Water Holdings leapt 62p to 905p last Friday as the water utility revealed a 36 per cent advance in profits for the year to March 31. The shares continued their rise yesterday, putting on a further 28p to close at 933p.

The pre-tax surplus of £8.74m (£6.43m) was struck on turnover 11 per cent ahead at £84.3m (£43.4m).

Mr Edwin Thompson, chairman, said the company's strong financial performance over the year had enabled it to restrict the increase in charges to below the maximum available for both domestic and commercial customers.

The final dividend is 26.7p, which together with the average statutory dividend and the interim, makes 40.2p for the year – covered 3.7 times by earnings of 148p (104p).

Misys expands insurance interests

Misys, an acquisitive computing services group recovering from a poor 1991, is strengthening its activities in insurance services through the purchase of Countrywide Holdings (UK) and Countrywide Management Group.

It has agreed terms for the acquisition of the 76.8 per cent of Holdings and 81.9 per cent of Management it does not already own. The offers, in shares with a cash alternative, value Holdings at £6.5m and Management at £4.9m.

Last year Holdings made pre-tax profits of £845,000 on revenues of £3.5m, while Management lost £245,000 on revenues of £1.7m.

The two companies will be incorporated into Misys Financial Systems, which provides software systems to the insurance intermediary market. Misys and Countrywide have pioneered electronic trading of insurance products.

Small businesses will see merger benefits

David Barchard on Lloyds' claim to a sector critical of high street banking services

WHEN THE bank with the stiffest charges for small business customers proposes making a takeover bid for its rival with the lowest, eyebrows are bound to be raised

Nonetheless, Lloyds is now claiming that small businesses would eventually benefit if it was to buy Midland.

Lloyds says it will offer Midland shareholders much better terms than the rival Hongkong Bank But now it has to convince its customers and also the competition authorities of the benefits a takeover of Midland would bring.

It has a great deal of scepticism, in the City as well as among the general public, to overcome. "Lloyds has got an awfully long way to go to convince people that its customers will benefit," one stockbroker analyst said.

So Lloyds has begun a charm offensive to persuade the world that the merger will mean enormous benefits to bank customers.

Those chiefly in its sights are small businesses, a politically powerful group whose discontent with existing high street banking services has been voiced repeatedly over the past year.

THE BATTLE FOR MIDLAND

As Lloyds and Midland each have about 15 per cent of this market, any combined bank would immediately take its place alongside Barclays and National Westminster as a new market leader.

Lloyds has not been enormously popular with small businesses. Last year its new package for them was described as "weak and one-sided" by the Forum of Private Business, a lobby group with nearly 20,000 members.

More recently, a study by Rochester Research has shown that Lloyds charges its small business customers substantially more than the other Big Four clearers, while Midland costs the least.

Some small businesses would save about 20 per cent in charges if they kept their account with Midland rather than Lloyds.

Lloyds claims this picture would change dramatically after the merger. It says the economies to be achieved by merging with Midland would enable it to make a quantum leap in its small business services, thereby helping stimulate long-term economic growth.

There is no doubt that several of the new services Lloyds says it envisages offering are certainly very enticing by comparison with anything offered by it or its main rivals at the present time.

To start with, new businesses would not have to pay any tariff charges for their first two years. "This is something no other bank offers," says Mr Brian Pitman, the chief executive at Lloyds.

Small businessmen everywhere should find other ideas being floated by Lloyds mouth-watering, even if they cannot help noticing that the bank has not been very forthcoming about what it would charge.

Even the smallest new businesses would be able to tap equity capital, in amounts as low as £5,000, from a new £100m venture capital fund. Businesses would also be able to borrow on fixed rates for up to seven years.

Small businesses would be given help with cash flow when large companies paid them late, through a new invoice discounting service.

They would also be able to get specialist advice on computer services and more advice in co-operation with the Department of Trade and Industry.

So instead of there being less market competition in the UK after the merger, Lloyds believes there would be more intense rivalry, as the two other large banks, Barclays and NatWest, would be forced to improve their services.

Mr Stan Mendham, chief executive of the Forum of Private Business, last week welcomed the package from Lloyds, but pointed out that Lloyds and Midland have distinctly different approaches to their small business customers and merging their operations could be problematic.

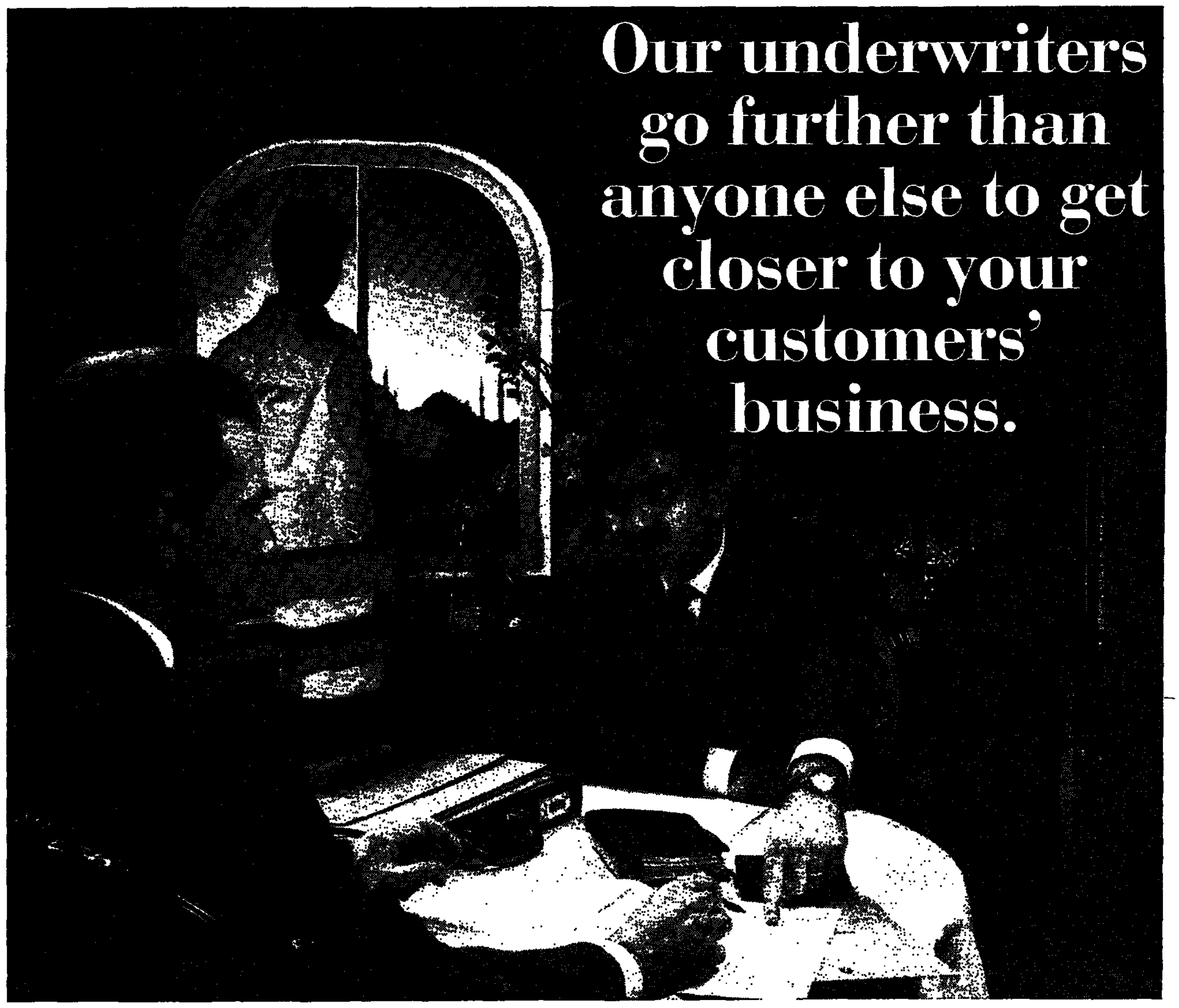
His reserve is based partly on the close relationship that Midland has forged with its small business customers. The clearer's business branch managers are trained at seminars at which Mr Mendham and other leading small businessmen teach.

Last week the FPB – whose policies are based on periodic polls among its membership – swung behind the Hongkong offer for Midland, saying that it would bring more benefit in the long term to small businesses through the injection of new ideas into the British banking system.

Against this Mr Pitman points to the £700m cost savings which Lloyds expects to achieve, compared to only £150m envisaged in the Hongkong bid.

He foresees powerful synergies springing from a Lloyds merger with Midland, and small businessmen taking their place alongside shareholders as the principal beneficiaries.

Time will tell whether this argument wins general acceptance, especially where it counts, at the Office of Fair Trading and at Westminster.



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IRI

ISTITUTO PER LA RICOSTRUZIONE INDUSTRIALE

Suspension of the right to exercise *IRI-STET 1991-1994 Warrants* for the purchase of STET Savings shares from IRI

Holders of IRI-STET 1991-1994 warrants are informed that, in accordance with point 2, letter C, of the regulations, the right to exercise the warrants for the purchase of STET Saving shares will be suspended:

- from 22 May to 2 June 1992 due to the general meeting of savings shareholders called for 3/4 June;
- *from 2 June to 18 June 1992 in expectation of possible payment of the dividend.*

Rome, 19 May 1992

KOP 10.45 CURRENCY BONDS

Yen 4,000,000,000
Currency bonds due 1992

In accordance with the terms and conditions of the Bonds, notice is hereby given that the Redemption amount payable on maturity 15th May 1992 will be Yen 96,428,050 per Yen 100,000,000 nominal.

DKB International plc
London
Agent Bank

Mortgage Intermediary Note Issuer (No.1) Amsterdam B.V.

For the three month period from 18th May, 1992 to 18th August, 1992 the Notes will bear interest at the rate of 10.375 per cent. per annum. The Coupon amount per £25,000 Note will be £653.77 payable on 18th August, 1992

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EC ministers begin last push towards farm reform

By David Gardner in Brussels

THE most radical overhaul of the EC's Common Agricultural Policy in its 30-year history hove into view yesterday, as farm ministers of the Twelve convened here for marathon negotiations, and the European Commission began a dogged defence of its reform proposals.

As the horse-trading began, it became clear that the Commission's challenge was to prevent negotiation on detail from amounting to an assault on the fundamentals of its plan.

The bargaining may last all week, and require an extra Council meeting before the ministers are scheduled to reassemble on June 15-16 in Luxembourg to finalise the reform. Agreement on CAP reform will also make conclusion of the five and a half year-old Uruguay Round negotiations to liberalise world trade less elusive, by demonstrating EC commitment to restrain subsidised production of agriculture, the main obstacle in the international talks.

But doing a deal may well be at the cost of blunting the European Commission's original reform proposals.

Such an outcome, while still amounting to the EC's biggest step towards reining in overproduction, stabilising ballooning subsidies, and plugging the widening holes in average farm incomes, will almost certainly require a second round of negotiations later this decade.

After 18 months of hard negotiations, ministers have moved from unanimous opposition to the Commission's plan to seeking an agreement based upon its main precepts. Yesterday they started bilateral talks with the Commission and the current Portuguese presidency of the EC to establish each country's bottom line.

Mr Ray MacSharry, EC agriculture commissioner, says he is determined to resist attempts to soften his proposed 35 per cent cut in cereal prices. The Commission wants to reduce the subsidised price of around Ecu155 per tonne to Ecu100 over three years. Last month, Mr MacSharry registered an unprecedented, formal objection to the Portuguese presidency's suggestion of an Ecu112 target, or 27 per cent cut – its fourth attempt to engineer a compromise and slide the cuts downwards.

The commissioner argued that Ecu105 was the limit at which the EC could make its cereals competitive, cease dumping its surpluses on world markets, and bring internal markets into balance. "The Commission is not prepared to accept 112," a senior Brussels official restated last week.

The cereals proposal is the linchpin of the reform. It foresees direct payment to farmers in compensation for the price cuts, contingent on larger farmers taking 15 per cent of their land out of production. Mr MacSharry has warned that a looser target price of Ecu112 would require them to set aside 22 per cent of their land.

Expert opinion oscillates between those who foresee the final compromise settling at around Ecu108 per tonne – an optimum outcome for the Commission – and those who see a further loosening to around Ecu115 or beyond, which would be a victory for Germany.

The Germans, whose inefficient agricultural structure has dictated the high subsidies of the CAP since its inception, want to settle as near as possible to the 20 per cent domestic cuts required within the Uruguay Round. France, however, the EC's largest and most competitive producer, fears that softer price cuts will saddle its farms with quotas to restrain production, such as the increased set-aside threatened by Mr MacSharry. The UK, Netherlands and Denmark also favour deeper price cuts.

Brussels has some leverage in that farmers this year already face a further 6 per cent cut in cereals prices, on top of an extraordinary 5 per cent cut last year which would be retained for 1992-93, making 11 per cent. This results from the old "stabiliser" system, a tax on overproduction, without compensation, which has nevertheless failed to restrain output, depressing incomes still more.

The Commission may agree to conflate some of next year's sharp, unrefunded cuts into the package of reform cuts. If it fails to win sufficient cuts on cereals, the higher than planned prices will rebound into the crisis-ridden livestock sector, where the lower cost of cereal feed is supposed partially to compensate also severe price reductions.

The Commission's tactical imperative is to prevent German and French interests from converging too far away from its plan. The Portuguese presidency's "compromise number four doesn't get us very far", judged Mr David Curry, the UK's deputy Agriculture Minister. "He [MacSharry] is going to have to do a lot of political juggling to get us there."

Topsoil threat to world food supply

By David Dodwell, World Trade Editor

RAPID loss of topsoil is threatening the world's long-term food supply and raising the prospect of widespread starvation and hunger, according to Mr Dwayne Andreas, chairman of Archer Daniels Midland, the US farm products group, who has been long-time adviser to US presidents on farm policy.

He attacked fiercely the protectionism in international farm trade, describing the agricultural sector as "the biggest victim of the chaos in today's world trading system". He said world markets had been ruined by predatory government policies that subsidise production and then dump goods on the world's markets.

Referring to US threats to block $1bn of EC food exports in retaliation for EC practices harming US oilseed exports, he warned that the EC "can expect more of that unless [they] can negotiate fair practices in agricultural trade".

Soil erosion has cost the world 480bn tons of topsoil since 1970, Mr Andreas told executives attending the annual meeting in Oxford of the International Agribusiness Management Association. That is more than the total of all US cropland, he noted.

"Farmland in America's midwest breadbasket loses some 20m tons of topsoil per acre every year," he said: "In Illinois, we're losing 1.5 bushels of topsoil for every bushel of corn we produce." Describing topsoil as "our basic raw material – to us, what iron ore is to the steel industry", he warned that failure to act could turn the world into "a famine-ridden dust bowl of warring and hungry billions".

Soil preservation policies were the foremost of five challenges facing the global agribusiness companies, Mr Andreas said. The other main challenges were to help the nations of eastern and central Europe to rebuild, to find new uses for agricultural products, to ensure a fair multilateral trading system, and to feed the world's hungry.

"Just to feed the world at today's nutritional standards means we will need to build a new flour mill every eight days; a new crushing plant and vegetable oil refinery every 30 days; and a new corn mill every 15 days," Mr Andreas said: "World hunger is a ticking bomb waiting to go off."

Coffee chief calls for action to revive prices

By David Blackwell

THE WORLD coffee industry, hit by the lowest prices for more than 22 years, has reached a turning point, according to Mr Alexandre Beltrao, executive director of the International Coffee Organisation.

Calling for speedy action to revive the export quota mechanism which collapsed in July 1989, Mr Beltrao told a coffee conference in Japan at the weekend he was convinced that managed trade "should no longer be seen as the undesirable concept castigated by the deregulators of the 1980s".

The value of world coffee trade has fallen from $12bn a year to $7bn since the end of the export quota system. Retail sales of coffee, including supplies to the catering trade now stand at about $40bn a year, he said.

Restoring the producers' share of the cake to $12bn would place no additional burden on consumers. But if prices continued to fall, "the good years of surplus coffee for roasters and caterers sooner or later will come to an end".

World producers were taken aback by the rapidity of the market fall which followed an indecisive ICO meeting early last month. On Monday April 13 the second position robusta contract on London Fox fell from $864 a tonne to $828 a tonne. The market touched a low of $676 a tonne on May 8. Last night the second position contract closed at $735 a tonne, up $1 on the day.

Next week producers will be arriving in London for talks at the ICO on the format a new agreement should take. They appear increasingly determined to take action to halt the slide in prices. Last week Costa Rica suspended exports; over the weekend Colombia suspended the sale of its coffee on the New York futures market; and Brazil and Colombia, the two biggest producers, were last night holding high level talks.

Analysts in London agree that there might well be some movement in the upcoming ICO talks. "The economic pain is so great that everyone is going to be forced to agree purely to boost market prices," said Mr Lawrence Eagles of GNI, the London futures brokers.

"There has been a sea change," said Mr Neil Rosser of E.D. & F. Man, the London trade house. "There is a serious crisis in the coffee world. No one is making any money at these price levels."

Russian platinum exports run wild

By Kenneth Gooding, Mining Correspondent

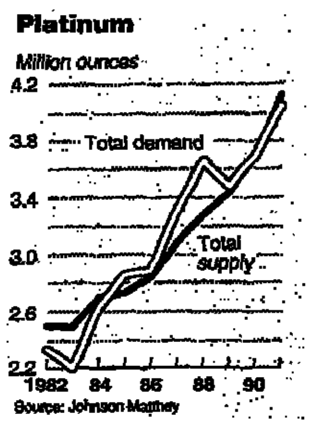
RUSSIA'S PLATINUM export sales went spiralling out of control last year and reached a record 1.1m troy ounces worth at least US$363m, according to Johnson Matthey, the world's biggest platinum marketing group.

This was 380,000 ounces or one third up on the previous year when exports were also extraordinarily high by recent standards.

In 1990 Russia already had begun to run out of gold to sell and turned to other commodities in a desperate search for hard currencies to prop up its ailing economy.

However, JM believes that Russia did not expect to have to sell so much platinum last year. Much of the metal was supposed to be used only as collateral for loans.

The Soviet Bank for Foreign Economic Affairs had 20 tonnes (643,000 ounces) of platinum to lend to the market in a particular way – in swap deals which involved the Bank selling metal to counterparts and promising to buy it back at an agreed future date.



But towards the end of 1991 it became clear that the old Soviet Union would split into its component republics and the Bank was orphaned. Western banks and dealers withdrew its credit lines and the swaps were no longer rolled forward when they expired.

The Bank had no alternative but to sell the platinum to meet its obligations.

Mr Jeremy Coombes, author of JM's annual review of the platinum market, says that all the metal allocated to the Bank had been disposed of by the end of the first quarter this year and the Russians were now back in control of their platinum exports.

The Russians recognise the damage they did in the market – last year the extra supply helped drive the platinum price down from a peak of $424 an ounce to a low of $330 and the average London fixing price fell from $472 in 1990 to $376. The Almaz organisation, now controlled by the Russian Federation, has regained its monopoly of export sales, Mr Coombes suggests.

He predicts that Russia's export sales this year will consequently fall back to 1990 levels and be between 600,000 and 700,000 ounces.

The extra Russian metal helped to increase the surplus of platinum supply in western markets to 120,000 ounces last year, according to the annual review, up from a surplus of 30,000 ounces in 1990.

Both supply, at 4.16m ounces (up from 3.73m), and demand, 4.04m ounces (up from 3.7m), reached record levels last year. Mr Keith Green, JM's operations director, describes platinum demand as being "incredibly recession-proof" and facing good growth for the next five years.

Worries about the lack of economic growth in Japan, the biggest consumer of platinum jewellery, had been dispelled in the first quarter when sales there topped last year's record level.

Platinum demand in 1992, increasingly driven by its use in car anti-pollution catalysts, should be even better than last year and absorb surplus supplies, said Mr Green. This should enable the price to climb back to $400 an ounce by the year-end.

"Platinum 1992", free from Johnson Matthey, 78 Hatton Garden, London EC1N 8JP, England.

Alcan says aluminium still flooding from CIS

By Kenneth Gooding

RUSSIA'S aluminium smelters are living a hand-to-mouth existence but are still managing to produce a great deal of metal, according to Mr David Morton, chairman of Alcan Aluminium of Canada.

He said it would therefore be "imprudent" for western producers to assume that the flood of aluminium exports from Russia would ease this year.

"The Russian smelters are terribly inefficient, in poor condition, short of raw materials and are awful polluters," said Mr Morton. But the Commonwealth of Independent States' aluminium industry had 3.5m tonnes of installed capacity and, in spite of all its tribulations, should be able to produce 2.5m to 3m tonnes this year.

CIS domestic demand had collapsed so it was prudent to expect that exports to the west would be 800,000 to 1m tonnes compared with Alcan's estimate of 845,000 tonnes in 1991.

Mr Morton said an Alcan team recently returned from a fact-finding trip to Russia and reported that, in contrast to the poor state of the aluminium smelters, the hydro-electric plants supplying the smelters were "impeccable".

He suggested the western aluminium industry could offer Russia some technical assistance – for which it could justify taking payment.

But it was not possible for Alcan to contemplate any large investment in the CIS because of the absence of a legal framework or financial institutions, taken for granted in the west.

Mr Morton, in London during a visit to institutional investors and banks in Europe, pointed out that, apart from the extra metal from Russia, about 1m tonnes of new capacity was coming on stream in the west in the next 18 months. So conditions in the aluminium industry "are going to be miserable for the next year or two".

He said it was essential that more of the west's high-cost smelting capacity was closed down. The highest-cost smelters were in Europe and it would take some time for closures to occur because of social and other pressures. However, at present aluminium prices, 50 to 60 per cent of smelters in the west were not covering their full costs and this could not go on indefinitely.

Moscow to ease oil tax for joint ventures

By Leyla Boulton in Moscow

THE RUSSIAN government said yesterday it planned to ease the oil export tax burden for joint ventures.

"I would like to stress that for joint ventures we are introducing revisions which will help them maintain the conditions on the basis of which many agreements were signed," Mr Vladimir Lopukhin, the oil minister, told a news conference.

A tax of Ecu26 a tonne ($5 a barrel) has been the subject of major lobbying by western consultancies and oil companies which claim it is a major obstacle to foreign investment in Russia's flagging oil production sector.

Mr Lopukhin also suggested it was possible that new export tariffs which were due to be introduced later this month could be lowered for other exporters.

Mr Andrei Nechayev, the economics minister, said the phased liberalisation of internal oil prices, due to come into effect soon after May 21, could lead to the removal of all controls on the price paid by domestic enterprises in three months time.

But Mr Lopukhin admitted he could not say whether Russian oil producers would use the opportunity to reinvest the profits which would result from the higher prices. He said he was still in the process of preparing anti-monopoly measures to make them more responsive to market pressures.

But defying more pessimistic expectations, he told a news conference he expected exports to remain constant this year at last year's level of 60m tonnes.

He also revealed that republics which already had a special bilateral treaty with Russia, such as Belarus, would be paying about the same as Russian enterprises for their oil. He could not say however what Ukraine, the second richest republic, which has been at odds with Moscow for months over a host of political and economic issues, would be charged as the price had yet to be negotiated. But he confirmed that the Baltic republics would soon be paying close to world prices for oil.

The government on Friday unveiled plans to abolish the fixed price of Rbs350 a tonne in favour of a range of Rbs1,800 to Rbs2,200.

This would be enforced through special taxes on enterprises which charged more than Rbs1,800 but up to Rbs2,200 and by fines and administrative sanctions for producers which charged more than Rbs2,300.

The new range corresponds to the present free market price within Russia but is still about a third of international oil prices.

Mr Nechayev said the government would use the money made from the taxation and fines to help certain enterprises and ordinary citizens weather the impact of the price increases.

The resolution in which the plan was announced, however, says the proceeds will be used mainly to rebuild the oil sector, leaving plenty of room for confusion on the fund's final destination.

Mr Nechayev said, however, that he expected to make Rb160bn from the punitive levies and Rbs300bn from extra VAT revenues.

WORLD COMMODITIES PRICES

MARKET REPORT

TIN prices eased from earlier 18-month peaks during afternoon LME trading, but still closed higher. Dealers said three-month tin's run-up to a new high of $6,265 a tonne largely reflected speculative buying as end-user interest was fairly routine. Liquidation and profit-taking subsequently cut into gains, but final business at $6,255 was still $62.50 above Friday's close. The immediate upside objective is $6,300, which could be hit today if LME stocks fall as expected. Three-month **ALUMINIUM** made another attempt in late trading to trigger stops lurking above $1,340, but finally closed at $1,338.50. The market was earlier underpinned by Japanese buying, which unlocked some dealer covering with consumers mostly willing to take a back seat. The London **SUGAR** markets mainly dropped back sharply with New York, although trading went into a temporary lull when New York trading was suspended because of technical problems. New York dived on technical selling. "I think people were expecting the market to rally if they wanted to use the Thai situation as an excuse," one dealer said. "But then the market went in the opposite direction and everyone started bailing out."

Compiled from Reuters

London Markets

SPOT MARKETS

		+ or -
Crude oil (per barrel FOB)		
Dubai	$17.10-7.15	-.025
Brent Blend (dated)	$19.65-9.75	-.50
Brent Blend (Jul)	$19.50-9.60	-.025
W.T.I. (1 pm est)	$20.80-0.85q	-.025
Oil products (NWE prompt delivery per tonne CIF)		
Premium Gasoline	$229-231	
Gas Oil	$175-176	-2
Heavy Fuel Oil	$77-79	
Naphtha	$186-188	
Petroleum Argus Estimates		
Other		
Gold (per troy oz)♣	$338.7	-0.7
Silver (per troy oz)♣	409c	-4.0
Platinum (per troy oz)	$358.0	-0.5
Palladium (per troy oz)	$82.85	+0.1
Copper (US Producer)	104.54c	+0.08
Lead (US Producer)	37.00c	+0.15
Tin (Kuala Lumpur market)	15.29r	
Tin (New York)	291.5c	+3.5
Zinc (US Prime Western)	62c	
Cattle (live weight)†	107.73p	-1.25*
Sheep (live weight)†♣	93.33p	-1.84*
Pigs (live weight)†	37.80p	-0.41*
London daily sugar (raw)	$245.1t	+1.7
London daily sugar (white)	$285.5t	+0.7
Tate and Lyle export price	£242.0	-0.5
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£147.5	
Wheat (US Dark Northern)	£120w	
Rubber (Jun)♥	53.50p	
Rubber (Jul)♥	53.50p	
Rubber (KL RSS No 1 Jun)	217.0r	
Coconut oil (Philippines)§	$642.5t	-2.5
Palm Oil (Malaysian)§	$385.0y	
Copra (Philippines)§	$415.0	-7.5
Soyabeans (US)	£152.5q	-2.0
Cotton "A" index	61.10c	-0.1
Wooltops (64s Super)	422p	-4.0

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. t-May/Jun y-July w-Apr z-May q-Jun. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Aug	207.60	215.00	215.80 208.40
Oct	199.00	204.40	204.20 199.00
Dec	191.00	194.00	191.00
White	**Close**	**Previous**	**High/Low**
Aug	274.50		280.00 273.00
Oct	264.50	267.50	268.00 263.00
Dec	264.50	268.00	268.00 264.00
Mar	267.00	268.00	269.00 268.00

Turnover: Raw 67 (47) lots of 50 tonnes. White 1607 (117)
Paris- White (FFr per tonne): Aug 1492.86 Oct 1441.46

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low
Jul	19.46	19.58	19.62 19.45
Aug	19.38	19.52	19.50 19.38
Sep	19.36	19.49	19.43 19.38
Nov	19.24	19.40	19.34 19.25
Dec	19.25	19.35	19.32 19.25
Jan	19.22		19.25 19.21
Feb	19.05	19.08	19.18 19.14
IPE Index	19.54	19.81	19.54

Turnover 9498 (13137)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Jun	175.50	178.00	178.50 175.00
Jul	176.50	178.75	177.50 176.00
Aug	178.50	178.75	179.50 177.75
Sep	180.50	180.75	181.00 179.75
Oct	182.50	183.00	182.50 182.00
Nov	184.00	184.25	184.25 183.50
Dec	185.25	185.50	186.50 185.00
Feb	179.25	179.00	179.25

Turnover 8818 (10117)lots of 100 tonnes

TEA

There was good but less active demand this week, reports the Tea Brokers Association. Landed bright liquoring and good medium East Africans proved irregularly easier by 10 to 20p. Prices for medium descriptions also decline by 5 to 15p. Plainer teas and a smaller selection of Central Africans were 5 to 10p easier. The few quality Ceylons sold readily but at lower levels while South Indians met a selective enquiry at easier rates. Offshore limited demand with prices 5 to 10p lower. The highest price realised this week was 202p for a rwanda pf.1 quotations: quality 145p good medium 130p medium 105p low medium 88p.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
May	560	560	550 549
Jul	569	578	582 568
Sep	593	599	603 591
Dec	625	631	635 622
Mar	652	660	664 651
May	672	680	682 671
Jul	691	698	695 695
Sep	709	717	719 709

Turnover 3188 (6168) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for May 15 730.96 (718.43) 10 day average for May 18 728.24 (728.12)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
May	713	714	717 712
Jul	735	734	755 735
Sep	755	750	776 755
Nov	774	770	791 774
Jan	794	787	809 738
Mar	810	802	818 814
May	833		838 834

Turnover:1906 (3978) lots of 5 tonnes
ICO indicator prices (US cents per pound) for May 15: Comp. daily 50.63 (49.28) 15 day average 48.85 (49.95)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	110.0	107.0	111.0 110.0

Turnover 101 (189) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Aug	123.00	-	123.00
Oct	127.00	-	127.00

Turnover 30 (0)lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
May	1286	1280	1288 1280
Jun	1220	1231	1230 1215
Jul	1120	1135	1130 1120
Oct	1238		1240 1239
Jan	1280		1280 1255
Apr	1303	1360	1320 1303
BFI	1285	1279	1285

Turnover 124 (363)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
May	125.40		125.50 125.40
Jun	125.90	125.75	126.15 125.90
Sep	111.20	111.25	111.40 111.20
Nov	114.40		114.50 114.40
Jan	118.10		118.45 118.10
Mar	121.25		121.45 121.25
Barley	**Close**	**Previous**	**High/Low**
Nov	111.80	111.75	111.80

Turnover: Wheat 68 (41), Barley 20 (30).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Jun	120.5	120.5	120.8 120.0
Aug	107.0	108.0	107.0 106.5
Nov	108.0	109.0	108.5 107.8

Turnover 31 (96) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 49,325 lots
Cash	1313-14	1302.5-3	1313	1312.5-13		
3 months	1338-39	1327.5-28	1342/1330	1337.5-38	1340-41	162,635 lots
Copper, Grade A (£ per tonne)						Total daily turnover 35,692 lots
Cash	1208.5-9	1223-24	1208.6/1208	1208-6.5		
3 months	1230.5-31	1241-42	1234/1229	1229-9.5	1230-1	104,276 lots
Lead (£ per tonne)						Total daily turnover 1,504 lots
Cash	279-9.5	286-6.5	278.5	278.5-9.0		
3 months	291-1.5	298.6-9.0	297/290	291-1.5	292-2.5	16,846 lots
Nickel ($ per tonne)						Total daily turnover 5,004 lots
Cash	7310-20	7320-6	7302	7302-3		
3 months	7385-95	7395-400	7405/7385	7380-5	7390-5	24,388 lots
Tin ($ per tonne)						Total daily turnover 1,870 lots
Cash	6545-55	6185-95	6255	6253-5		
3 months	6250-60	6190-5	6265/6220	6250-5	6240-5	7,541 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 17,751 lots
Cash	1363-65	1370-5	1365/1355	1358.5-7		
3 months	1269-70	1271-2	1272/1266	1268-7	1271-2	59,453 lots

LME Closing £/$ rate:
SPOT: 1.8355 3 months: 1.8087 6 months: 1.7842 9 months: 1.7641

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	338.50-338.90	
Opening	338.10-338.40	
Morning fix	339.20	184.548
Afternoon fix	338.90	184.767
Day's high	339.60-339.90	
Day's low	337.90-338.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.02	6 months	3.09
2 months	3.02	12 months	3.31
3 months	3.02		

Silver fix	p/fine oz	US cts equiv
Spot	223.00	409.75
3 months	228.35	413.40
6 months	233.00	417.50
12 months	244.50	427.20

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	339.00-340.00	184.75-185.25
Maple leaf	350.50-351.50	191.00-191.50
New Sovereign	83.00-84.00	45.25-45.75

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jul	Sep	Jul	Sep
1200	132	150	3	6
1300	48	74	16	28
1400	8	27	75	80
Copper (Grade A)	**Calls**		**Puts**	
2100	128	132	3	7
2200	42	60	15	33
2300	5	19	75	91
Coffee	**Jul**	**Sep**	**Jul**	**Sep**
700	14	69	5	14
750	12	39	27	34
800	2	20	67	65
Cocoa	**Jul**	**Sep**	**Jul**	**Sep**
575	13	37	19	19
600	6	24	37	31
625	2	16	58	48
Brent Crude	**Jul**	**Aug**	**Jul**	**Aug**
1950	32	50	51	
2000	17		26	
2050	6	17		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
May	338.9	338.7	338.4	338.4
Jun	339.3	339.1	340.1	339.1
Jul	340.1	339.9	0	0
Aug	340.8	340.6	341.6	340.8
Oct	342.6	342.3	342.9	342.6
Dec	344.5	344.2	345.0	344.4
Feb	346.7	346.4	346.9	346.9
Apr	348.8	348.5	349.2	348.7
Jun	351.2	350.9	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
May	408.7	408.6	408.5	408.5
Jun	409.1	409.1	0	0
Jul	410.2	410.2	413.0	409.0
Sep	413.2	413.2	416.0	412.5
Dec	417.7	417.7	420.0	416.5
Jan	419.3	419.3	447.5	447.5
Mar	422.9	422.9	0	0
May	426.6	426.6	0	0
Jul	430.3	430.3	0	0
Sep	434.7	434.7	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	100.40	100.40	100.80	100.30
Jun	100.45	100.45	100.80	100.40
Jul	100.60	100.50	101.00	100.50
Aug	100.70	100.60	100.85	100.60
Sep	100.75	100.75	101.05	100.75
Oct	100.80	100.80	0	0
Nov	100.85	100.85	0	0
Dec	100.95	100.95	101.15	101.00
Jan	100.85	100.85	0	0
Feb	100.75	100.75	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Jun	20.52	20.69	20.68	20.50
Jul	20.71	20.86	20.83	20.70
Aug	20.81	20.91	20.89	20.78
Sep	20.81	20.89	20.89	20.78
Oct	20.77	20.93	20.83	20.78
Nov	20.72	20.76	20.76	20.68
Dec	20.69	20.71	20.73	20.64
Jan	20.63	20.63	20.67	20.59
Feb	20.57	20.56	20.60	20.52
Mar	20.51	20.50	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
May	356.6	358.1	0	0
Jul	358.6	358.1	359.5	357.2
Oct	362.3	361.9	363.0	361.5
Jan	362.3	361.9	362.5	361.0
Apr	362.8	362.4	0	0

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Jun	5711	5718	5725	5670
Jul	5684	5698	5700	5660
Aug	5757	5767	5760	5730
Sep	5862	5872	5870	5840
Oct	5957	5967	5960	5940
Nov	6052	6062	6055	6040
Dec	6132	6142	6140	6125
Jan	6157	6167	6170	6150
Feb	6052	6062	0	0
Mar	5832	5842	0	0

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Jul	921	926	933	920
Sep	963	965	972	962
Dec	1014	1013	1023	1013
Mar	1055	1056	1064	1055
May	1084	1084	1092	1088
Jul	1114	1115	1121	1118
Sep	1141	1142	0	0
Dec	1173	1173	1178	1173

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	65.00	65.00	65.50	63.75
Jul	64.40	65.00	65.20	63.90
Sep	66.45	66.90	67.00	65.90
Dec	69.20	69.90	69.90	68.90
Mar	72.00	72.90	72.90	71.75
May	76.20	76.75	76.85	75.45
Jul	77.75	78.90	79.00	77.30
Sep	80.00	81.50	81.50	81.50

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	9.35	9.65	9.74	9.26
Oct	8.91	9.15	9.21	8.86
Mar	8.82	8.99	9.03	8.81
May	8.81	8.97	8.90	8.81
Jul	8.74	8.86	8.85	8.80
Oct	8.71	8.83	8.84	8.84

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Jul	60.65	62.86	61.92	60.31
Oct	62.27	64.05	63.07	62.25
Dec	62.72	64.55	63.45	62.65
Mar	63.93	64.85	64.40	64.10
May	64.43	63.86	0	0
Jul	64.73	0	64.70	64.70

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	134.85	141.05	136.40	134.30
Sep	126.00	136.05	127.00	125.50
Nov	117.05	127.00	118.25	117.00
Jan	116.25	117.75	117.25	115.90
Mar	116.00	116.90	0	0
May	116.00	116.70	116.50	116.50
Jul	116.00	116.50		
Sep	116.00	116.50	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

May 18	May 15	mnth ago	yr ago
1597.9	1598.1	-	1728.1

DOW JONES (Base: Dec. 31 1974 = 100)

	May 15	May 14	mnth ago	yr ago
Spot	118.52	118.68	115.83	126.82
Futures	119.70	119.57	116.83	126.38

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	619/4	610/0	619/4	608/4
Jul	623/4	615/2	624/0	612/2
Aug	627/0	619/4	627/4	616/0
Sep	631/6	622/6	632/4	620/4
Nov	638/4	631/0	639/0	628/0
Jan	645/0	639/0	646/0	637/2
Mar	654/4	644/4	655/0	644/4
May	659/0	652/0	659/0	650/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	21.09	20.91	21.10	20.80
Jul	21.28	21.06	21.34	20.98
Aug	21.43	21.22	21.48	21.14
Sep	21.60	21.40	21.66	21.32
Oct	21.73	21.56	21.75	21.42
Dec	22.05	21.85	22.07	21.75
Jan	22.17	21.95	22.17	22.15
Mar	22.35	22.20	22.35	22.25

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	189.5	185.9	189.8	184.9
Jul	188.3	185.9	188.4	185.7
Aug	188.7	186.4	189.0	186.5
Sep	189.6	187.2	189.7	187.6
Oct	207.3	188.5	207.5	205.0
Dec	208.1	206.1	208.2	205.8
Jan	208.2	206.3	208.2	207.3
Mar	208.5	207.5	208.5	207.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	259/0	259/0	259/0	254/0
Jul	262/2	261/6	262/4	259/6
Sep	264/0	263/0	264/4	261/2
Dec	266/0	265/0	267/0	262/2
Mar	273/0	272/6	273/4	269/6
May	276/6	276/2	276/6	275/0
Jul	280/6	280/0	280/6	277/4
Dec	263/0	264/0	263/4	263/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	384/2	380/4	385/0	378/2
Jul	355/2	352/6	356/4	349/2
Sep	358/4	357/2	360/4	353/4
Dec	367/6	364/4	369/0	361/0
Mar	367/4	365/4	369/2	360/0
May	355/4	355/0	355/4	355/4
Jul	340/0	334/0	340/0	334/0
Sep	347/0	341/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	73.225	73.150	73.325	72.950
Aug	70.375	70.200	70.425	70.050
Oct	70.100	70.075	70.150	69.900
Dec	69.675	69.625	69.750	69.475
Feb	69.100	69.150	69.275	69.100
Apr	70.200	70.250	70.425	70.200
Jun	69.600	69.000	0	0

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Jun	47.625	47.375	47.750	47.050
Jul	45.850	45.525	45.800	45.300
Aug	43.625	43.450	43.750	43.400
Oct	40.450	40.375	40.475	40.230
Dec	43.050	42.900	43.100	42.730
Feb	44.100	43.650	44.250	44.000
Apr	42.650	42.800	42.900	42.700
Jun	47.300	47.600	47.650	47.300

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	38.400	38.425	38.400	37.900
Jul	37.800	37.050	37.925	36.900
Aug	35.450	34.700	35.650	34.700
Feb	46.375	46.175	46.475	46.050
Mar	45.100	45.375	45.500	45.100
May	46.650	46.450	46.650	0

LONDON STOCK EXCHANGE

Equities concentrate on positive news

By Steve Thompson

THE EQUITY market moved into the second week of the long three-week account in confident fashion. It shrugged off lingering worries caused by last week's news that Olympia & York, the international property development group, had filed for insolvency protection, preferring to concentrate on good news emerging from Germany and the UK.

In Germany, the threatened strike by engineering workers was called off, while in London, the market was cheered by an encouraging report issued by the Confederation of British Industry.

The one slightly disturbing piece of news on an otherwise splendid day for the equity market came from share turnover revealed by the Stock Exchange. Volume yesterday – 442.8m shares – was well below recent levels of activity and may well see the value of customer business carried out for the day drop below the £1bn mark. Customer business has only fallen below the £1bn figure on two occasions since the general election.

There was no real mood of optimism at many of the morning meetings held at leading London broking houses, and the FT-SE 100 Index opened in negative territory, down around 3 points at about 2,680.

Traders were only partly mollified by Wall Street's performance last Friday evening, and other international markets had wobbled on the Olympia & York situation.

However, a strong opening by the Footsie future; news that Germany's engineering unions had accepted a two-year pay deal, thus avoiding a damaging strike; and the mildly bullish news from the monthly CBI survey, which provided some evidence that high street sales had risen to their highest levels for around two years, quickly lifted share prices.

The Footsie was showing a rise within an hour of the start of trading, and thereafter accelerated to move confidently back above the 2,700 level before encountering a bout of profit-taking as the session drew to a close. At the finish the Footsie was 21 points ahead at 2,703.6, having earlier reached a day's peak of 2,704.5.

The German news, seen by many as removing any near-term threat that the country's interest rates would move higher, was viewed by leading marketmakers as providing the real momentum for the UK stock market to resume its upward push. Sterling performed well all day, especially against a rapidly appreciating D-Mark, and climbed sharply against the dollar. Long-dated gilts improved by around ¼.

In a day singularly lacking in strong stories, it was left to broker recommendations to provide much of the impetus for individual stocks, although there was said to have been some interest in the blue chips due to report this week.

Arjo Wiggins Appleton, the paper and packaging group, was again the weakest member of the FT-SE 100 constituents in percentage terms, the shares still feeling the effects of the departure of the company's chief executive.

Suggestions that one of the big US investment banks had extolled the attractions of the power generators left National Power and PowerGen as the Footsie's best individual performers.

Account Dealing Dates		
*First Dealings:		
May 11	Jun 1	Jun 15
Option Declarations:		
May 28	Jun 11	Jun 25
Last Dealings:		
May 29	Jun 12	Jun 26
Account Day:		
Jun 8	Jun 22	Jul 6

*New-time dealings may take place from 8.30 am two business days earlier.

FINANCIAL TIMES STOCK INDICES

	May 18	May 15	May 14	May 13	May 12	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	89.23	89.04	88.94	88.84	88.61	84.18	89.23 (18/5)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	104.57	104.33	104.13	103.82	103.73	93.36	104.57 (18/5)	97.15 (2/1)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	2129.1	2113.3	2120.2	2136.2	2137.8	1927.3	2147.1 (11/5)	1851.4 (3/4)	2147.1 (11/5/92)	49.4 (26/6/40)
Gold Mines	112.4	111.4	110.9	107.7	110.1	158.4	180.8 (10/1)	108.8 (29/4)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2703.6	2682.6	2694.7	2720.5	2722.4	2466.6	2737.8 (11/5)	2382.7 (3/4)	2737.8 (11/5/92)	986.9 (23/7/84)
FT-SE Eurotrack 200	1236.78	1225.65	1234.32	1243.41	1243.10	1154.43‡	1248.79 (11/5)	1120.52 (8/1)	1248.79 (11/5/92)	938.62 (16/1/91)
●Ord. Div. Yield	4.31	4.34	4.32	4.28	4.27	4.95				
●Earning Yld %(full)	6.10	6.13	6.11	6.07	6.06	8.69				
●P/E Ratio(Net)(*)	20.59	20.47	20.53	20.68	20.72	14.22				
SEAQ Bargns 5.00pm	27,127	26,573	32,846	29,677	32,452	24,575				
Equity Turnover(£m)†	-	1005.4	1384.8	1154.8	1239.0	573.64				
Equity Bargains†	-	31,394	37,805	35,936	40,775	24,468				
Shares Traded (ml)†	-	439.0	582.6	523.2	550.3	278.8				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ‡ Nil 1914 ‡ Indicative

Ordinary Share Index, Hourly changes — Day's High 2130.5 — Day's Low 2110.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2110.5	2116.8	2124.0	2126.2	2130.1	2129.5	2129.6	2128.2	2129.3

FT-SE 100, Hourly changes — Day's High 2704.5 — Day's Low 2678.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2679.8	2686.8	2697.4	2699.3	2703.7	2703.4	2703.5	2702.2	2703.5

FT-SE Eurotrack 200, Hourly changes — Day's High 1237.12 — Day's Low 1232.07

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1232.07	1232.84	1234.49	1234.85	1235.35	1237.06	1236.76

GILT EDGED ACTIVITY

Indices*	May 15	May 14
Gilt Edged Bargains	111.0	112.3
5 – Day average	109.3	115.2

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

Thorn out of favour

ON A STRONG day in the London market, Thorn EMI attained the dubious honour of being the worst performer in the FT-SE 100 Index in pence terms. The shares retreated 13 to 870p, with technical factors blamed for the fall.

These included the ending on Friday of dealings in the company's partly-paid shares. Dealers also pointed out that the second call on the rights issue stock priced at 390p is due next week, coinciding with the release of the group's annual figures.

The shares are on County NatWest's buy list, and the broker is predicting full-year profits of £253.8m and earnings per share of 50.2p.

BP supported

US support appeared to be the main boost for turnover in British Petroleum, the most heavily traded stock in London yesterday and which advanced 6½ to 257p. Volume of more than 14m shares was particularly good considering the low level of business in the general market. BP was also at the top of the actives list in the London Traded Options Market.

The stock was drifting a couple of pence in the morning but received support after Shearson Lehman Brothers bought 1.1m shares on behalf of a client. Also, a "mildly enthusiastic" note from Carr Kitcat & Aitken landed on clients' desks yesterday. Carr believes there is a chance that the dividend will not be cut this year.

Courtaulds active

The market was attracted to Courtaulds, which is expected to have weathered the recession and chemicals downturn sufficiently to report a near 7 per cent rise in annual profits tomorrow. Profits for the year to the end of March are forecast to come in at around £197m to £200m, against a previous £186.3m, and the shares recovered 14 to 581p following a period of slackness.

However, some securities houses decided that the stock had run too far. Smith New Court was advising clients to take profits yesterday. Mr Richard Henderson, Nomura's chemicals analyst, was reiterating his belief that the stock is a sell. He said: "There is nothing fundamentally wrong with the company, but the stock does better in bear markets and should probably be on a 10 to 15 per cent discount to the market."

Brewer Whitbread bucked the market trend after the company reported annual figures at the bottom end of market expectations. Profits dropped by 24 per cent to £222.1m, the group's first fall in full-year figures in 16 years.

The shares rose initially in response to the company's comment in its trading statement that it had seen a pick-up in business in the first two months of the financial year. However, a more sombre analysts' meeting led to a retreat in the stock, eventually a penny down on the day at 474p after light turnover of 1.3m.

County NatWest left its current year forecast at £262m, and pencilled in £284m for the following year.

Glaxo was marked down some 15p before the market opened, following a weekend press report that rival drug group Astra had developed a new ulcer therapy. The report said the therapy could seriously hurt sales of Glaxo's Zantac, the world's best-selling drug. However, analysts decided that the report covered no new ground and the shares opened 6 off and then recovered to close just a penny down at 735p.

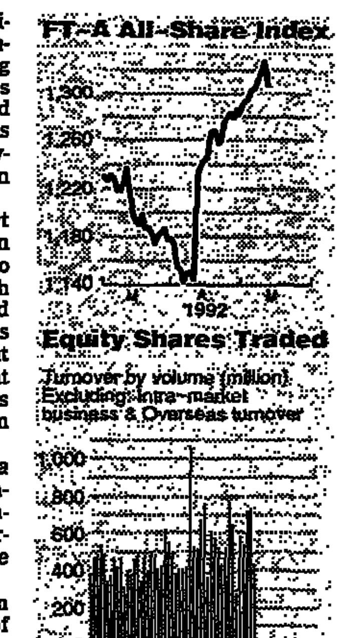
Merchant bank Kleinwort Benson picked up sharply on press reports that it is about to negotiate for a link with Banque Nationale de Paris and Dresdner Bank. The shares were ahead 24 at one stage, but slipped back to close 17 up at 298p after Dresdner said it was not involved in co-operation talks.

Barclays responded to a Kleinwort Benson recommendation and the view that Olympia & York debt exposure worries have been overdone. The shares rose 7 to 387p.

Arjo Wiggins Appleton remained weak ahead of today's annual meeting, declining 5½ to 256p.

Market research company Addison Consultancy saw heavy turnover after a chunk of the stock that had been left with underwriters following the recent failed rights issue finally found a home.

The £16.3m cash call, priced at 12p a share, had been only 2.4 per cent taken up after principal stakeholder MAI had decided not to take up its rights. Yesterday, Peel Hunt, Addison's broker, sold 5.6m shares left with the underwriters for 11¼p apiece. The stock firmed a penny to 11½p and turnover reached 13m shares.



Source: Datastream

Bid speculation surfaced around Croda International, pushing up the chemicals company's stock 8½ to 191p on turnover of 2m shares, compared to the weekly average of 3m. The predator was said to be Wardle Storeys, but the rumour did not appear to have much behind it and Wardle's rise of 23 to 428p was attributed to a stock shortage.

Fading bid hopes were said to have pushed foods group Dalepak down 20 to 393p. In March Dalepak announced it was in talks, but a month later the talks foundered. It had been hoped that interest would spring from elsewhere but so far it has not materialised.

Allied-Lyons hardened 8 to 660p ahead of today's results.

Weekend press reports of further connections between Lonrho and Libya saw the shares down 7 at one stage. However, a firm denial of the reports by the company helped the shares recover to finish unchanged at 97p.

Among transports, Eurotunnel stood out, the shares advancing 15 to 385p, boosted by Friday's news that it would not need extra funds to complete the tunnel, and a decision allowing the operator to use semi-open shuttle wagons to carry goods, a decision which could save the company around £100m.

Automated Security Holdings was the market's best performer, the shares jumping 10 to 18p, a 9 per cent rise, on speculation that Tomkins could bid for the company. Tomkins closed unchanged at 515p. Williams Holdings was also mentioned as a possible suitor and ended 9 up at 354p, buoyed by a County NatWest buy recommendation.

MARKET REPORTERS:
Peter John,
Joel Kibazo.

■ Other market statistics, Page 24.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	17	450	
ASDA Group	7,200	33	+1
Abbey National	5,600	312	-2
Albert Fisher	116	79	
Allied-Lyons	732	660	+7
Amstrad	182	37	
Anglian Water	405	427	+5
Argos	365	272	+3
Argyll Group	2,600	371	+6½
Arjo Wiggins	692	256	-5½
Ass. Brit. Foods	95	445	+1
Ass. Brit. Ports	532	433	-5
BAA	506	636	+7
BAT Inds.	2,300	793	+12
BET	859	159	-1
BICC	1,300	371	+1
BOC	426	718	+2
BPB Inds	2,100	181	-2
BTR	2,400	494	+10
Bank of Scotland	658	117	+1
Barclays	2,900	387	+7
Bass	924	631	+11
Berisford Int.	36	23	
Blue Circle	1,000	264	+5
Booker	311	467	
Boots	1,100	484	+8
Bowater	362	840	+2
Brit. Aerospace	1,300	375	+2
British Airways	4,300	287	+3
British Gas	3,100	250½	+1½
British Land	262	304	+6
BP	14,000	257	+6½
British Steel	4,000	83½	+2½
British Telecom	2,600	350	-1
Br Telecom New	4,800	139½	+1
Bunzl	507	112	
Burmah Castrol	317	653	-4
Burton	2,500	48	+½
Cable & Wire	1,600	574	+6
Cadbury Schweppes	1,700	490	+3
Calor Group	394	195	+2
Carlton Comms.	117	655	+4
Coats Viyella	1,100	309	+½
Comm. Union	331	504	+10
Cookson	431	149	
Courtaulds	1,300	581	+14
Dalgety	38	433	+2
De La Rue	738	616	+5
Dixons	1,600	365	+11
ECC Group	214	588	-2
Eastern Elect	1,000	369	+0½
East Midland Elec	901	289	+6
Enterprise Oil	101	479	+3
Eurotunnel Units	[illegible]	[illegible]	[illegible]
FKI	[illegible]	[illegible]	[illegible]
Fisons	[illegible]	[illegible]	[illegible]
Forte	[illegible]	[illegible]	[illegible]
Gen. Accident	[illegible]	[illegible]	[illegible]
General Elect	[illegible]	[illegible]	[illegible]
Glaxo	[illegible]	[illegible]	[illegible]
Glynwed Int	[illegible]	[illegible]	[illegible]
Granada	[illegible]	[illegible]	[illegible]
Grand Met	[illegible]	[illegible]	[illegible]
GUS A	[illegible]	[illegible]	[illegible]
GRE	[illegible]	[illegible]	[illegible]
GKN	[illegible]	[illegible]	[illegible]
Guinness	[illegible]	[illegible]	[illegible]
Hammerson 'A'	[illegible]	[illegible]	[illegible]
Hanson	[illegible]	[illegible]	[illegible]
Hanson Warrants	[illegible]	[illegible]	[illegible]
Harrisons Crosfield	[illegible]	[illegible]	[illegible]
Hillsdown	646	190	+3
IMI	539	306	+4
ICI	519	1366	+8
Inchcape	2,000	496	+4
Kingfisher	851	560	+8
Kwik Save	397	630	+1
Ladbroke	2,000	345	+1
Land Securities	1,000	439	+5
Laporte	101	644	
Legal & General	464	413	+3
Lloyds Abbey	542	431	+5
Lloyds Bank	1,000	424	-5
LASMO	930	217	
London Elec.	482	311	+2
Lonrho	2,700	97	
Lucas	1,300	142	-1
MB Caradon	1,800	308	+7
MEPC	689	338	+6
Manweb	122	358	+4
Marks & Spencer	4,100	334	+6
Midland Bank	1,400	390	-1
Midlands Elect	142	302	+2
NFC	100	268	
NatWest Bank	6,800	352	+1
National Power	4,000	[illegible]	+9
Rentokil	678	189	-3
Reuters	940	1191	-2
Rolls Royce	444	187	+1½
Rothmans	289	1143	+3
Ryl Bk Scotland	1,100	198	+5
Royal Insurance	553	251	-1
Saatchi	4,000	21¼	-1
Sainsbury	1,300	472	+8
Scottish & New.	842	460	+2
Scot. Hydro-Elect.	1,400	195	+4
Scottish Power	822	184	+2½
Sears	5,400	94	
Sedgwick	925	227	+3
Seeboard	817	322	
Severn Trent Water	887	395	+8
Shell Transport	3,600	511	+5
Siebe	131	743	+9
Slough Ests	45	187	+2
Smith (W H) A	337	475	+10
Smith & Nephew	1,700	163½	+1½
SmKl Beecham	1,800	869	+4
SmKl Beecham Uts	196	[illegible]	+5
Smiths Inds.	772	337	+2
Southern Elect	890	305	+4
South Wales Elect	732	353	+3
Unilever	1,100	928	-4
United Biscuits	813	403	
Utd. Newspapers	3,500	456	+1
Vodafone	1,600	371	
Warburg (SG)	66	594	+6
Wellcome	141	1005	-2
Welsh Water	139	452	+3
Wessex Water	518	502	+3
Whitbread 'A'	1,300	474	
Williams Hldgs.	1,700	354	+9
Willis Corroon	1,400	254	+1
Wimpey	1,000	179	+1
Wolseley	27	466	-2
Yorkshire Elect.	342	378	+6
Yorkshire Water	42	455	+2

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

STRONG BUYING by "locals", independent dealers trading on their own account, drove stock index futures higher after an uncertain start, writes Steve Thompson.

The June contract on the FT-SE moved from an early low of 2,695 to a high for the session of 2,730, and was responsible for pulling the underlying cash market higher. June finished fractionally off its best at 2,729, a premium of around 15 to fair value and some 30 points above Friday's closing level.

The upturn in demand for the June contract came with news that German engineering workers had agreed a pay deal, thereby averting a national strike.

Turnover in the June FT-SE future totalled around 7,500 lots. The news from Germany also resulted in exceptionally heavy activity taking place in the Euro FT-SE option, where volume of 1,731 contracts included 952 calls and 779 puts.

In traded options, turnover of 19,926 lots was sharply down on recent levels – last Friday saw 31,994 contracts dealt. BP was the busiest stock option, with turnover of 2,863. The July 260 calls were the most actively traded series.

Thorn EMI also emerged as one of the keenly traded stock options, the September 850 calls providing the lion's share of activity.

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon May 18 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Fri May 15 Index No.	Thu May 14 Index No.	Wed May 13 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (179)	923.42	+0.7	6.42	5.04	20.29	14.90	917.45	920.00	924.03	826.29
2 Building Materials (22)	1103.46	+0.5	5.01	5.36	27.69	19.03	1097.86	1103.20	1114.27	1082.91
3 Contracting, Construction (28)	1046.47	+0.6	3.51	5.77	59.68	23.82	1039.85	1048.61	1055.91	1325.48
4 Electricals (8)	2744.39	+0.5	6.74	5.38	19.28	68.82	2732.05	2692.47	2667.84	2359.74
5 Electronics (29)	2044.59	+0.4	8.77	4.16	14.45	5.05	2035.53	2033.51	2080.64	1748.76
6 Engineering-Aerospace (7)	403.28	+0.6	8.69	6.44	14.59	11.16	400.92	400.38	397.16	428.45
7 Engineering-General (44)	566.05	....	7.36	4.16	16.86	7.82	566.21	565.00	561.69	435.73
8 Metals and Metal Forming (8)	379.31	+1.8	0.86	9.13	–	2.03	372.48	372.76	374.86	447.84
9 Motors (14)	387.99	+0.5	6.88	6.06	19.10	9.96	386.24	391.72	391.66	322.27
10 Other Industrial Materials (19)	1891.17	+1.0	6.57	4.38	18.34	33.79	1871.93	1880.36	1880.95	1474.88
21 CONSUMER GROUP (188)	1734.72	+0.5	7.01	3.30	17.48	16.67	1725.47	1732.81	1745.01	1441.96
22 Brewers and Distillers (24)	2237.99	+0.9	7.40	3.29	16.17	16.84	2218.24	2224.32	2244.75	1797.16
25 Food Manufacturing (17)	1311.17	+0.3	8.21	4.01	15.08	20.33	1307.76	1314.68	1315.41	1153.26
26 Food Retailing (18)	2998.16	+0.9	7.97	3.00	16.28	20.23	2971.14	2964.89	2954.66	2737.26
27 Health and Household (24)	4108.57	+0.1	6.71	2.58	16.97	35.84	4104.63	4125.43	4192.56	3262.37
29 Hotels and Leisure (20)	1433.68	....	5.90	4.76	21.94	23.50	1432.84	1445.03	1450.36	1311.50
30 Media (25)	1673.19	+0.4	5.66	3.28	22.09	18.07	1666.62	1685.47	1704.35	1440.87
31 Packaging, Paper & Printing (17)	851.34	-0.4	6.13	3.88	19.71	11.55	854.94	854.97	875.53	658.11
34 Stores (33)	1102.33	+1.4	6.89	3.33	19.23	6.71	1087.37	1091.37	1088.71	892.17
35 Textiles (10)	741.40	....	6.20	4.19	20.34	10.52	741.70	747.16	740.72	532.72
40 OTHER GROUPS (116)	1335.09	+0.8	8.96	4.81	14.08	14.24	1324.43	1331.81	1350.28	1220.05
41 Business Services (17)	1489.65	....	6.55	4.25	19.24	14.66	1489.93	1493.45	1497.61	1220.92
42 Chemicals (22)	1606.79	+0.7	6.61	4.51	18.51	24.37	1594.98	1605.70	1612.63	1339.00
43 Conglomerates (11)	1452.88	+1.4	8.89	6.54	14.04	11.37	1432.71	1442.85	1490.97	1486.77
44 Transport (14)	2718.45	+0.7	4.64	4.18	28.64	30.47	2700.39	2719.16	2744.15	2190.93
45 Electricity (16)	1293.82	+2.0	13.58	5.03	9.60	17.21	1268.16	1274.32	1300.93	1212.91
46 Telephone Networks (4)	1451.32	....	10.80	4.32	12.09	16.02	1451.40	1453.57	1468.99	1452.45
47 Water (10)	2864.89	+1.2	14.88	5.55	7.40	0.00	2830.90	2851.29	2900.95	2445.95
48 Miscellaneous (22)	2123.44	+1.0	5.56	4.64	23.76	21.83	2102.59	2124.50	2153.72	1872.93
49 INDUSTRIAL GROUP (483)	1407.72	+0.6	7.51	4.11	16.66	15.74	1398.74	1404.87	1417.05	1223.05
51 Oil & Gas (17)	2127.50	+1.2	7.13	6.68	18.43	63.63	2101.56	2099.48	2096.51	2348.53
59 500 SHARE INDEX (500)	1477.38	+0.7	7.47	4.36	16.82	19.30	1467.09	1472.74	1484.03	1318.95
61 FINANCIAL GROUP (87)	789.11	+0.7	–	5.75	–	17.10	783.76	789.59	796.46	796.10
62 Banks (9)	998.67	+0.4	4.83	5.47	32.74	24.58	994.93	997.68	1005.32	880.13
65 Insurance (Life) (6)	1569.48	+1.2	–	5.67	–	44.26	1551.55	1569.60	1599.15	1460.85
66 Insurance (Composite) (7)	559.55	+0.7	–	6.22	–	13.46	555.92	559.31	564.54	672.41
67 Insurance (Brokers) (10)	991.29	+0.7	7.87	6.76	16.71	21.48	984.87	1001.62	1021.60	1082.36
68 Merchant Banks (7)	517.43	+1.5	–	4.01	–	4.25	509.53	509.53	512.27	426.26
69 Property (33)	715.66	+1.0	7.63	6.39	18.12	6.75	708.59	725.43	725.92	982.38
70 Other Financial (15)	267.14	+0.9	6.51	6.47	21.03	3.12	264.63	265.41	265.92	284.59
71 Investment Trusts (70)	1262.61	+0.2	–	3.53	–	15.07	1259.49	1264.83	1266.57	1203.50
99 ALL-SHARE INDEX (657)	1312.69	+0.7	–	4.51	–	18.45	1303.73	1309.31	1319.30	1192.35

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	May 15	May 14	May 13	May 12	May 11	Year ago
FT-SE 100 SHARE INDEX‡	2703.6	+21.0	2704.5	2678.6	2682.6	2694.7	2720.5	2722.4	2737.8	2466.6

NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (285).
BRITISH FUNDS (48) OTHER FIXED INTEREST (10) African Dev 11¼pc '10, Asian Dev 10¼pc '09, B'ham 11½pc '12, Hydro Quebec 15pc '11, Intl-Am Dev 12½pc '03, Do 9¾pc '15, Leeds 13½pc '06, M'chester 11½pc '07, N'wide Anglia 3⅞pc IL '21, Do 4⅛pc IL '04, BANKS (2) Bk Scotland 9¼pc Pf, Do 9¾pc Pf, BREWERS (4) Boddingtons, Greenalls, Do 5.95pc Pf, Marston Thompson, BLDG MATLS (5) Chiltern, Epwin, Manders, Needler, Wilshaw, BUSINESS SERVS (3) Capita, Salvesen, Sketchley, CHEMS (8) Canning, Chemex, Croda, Doeflex, Evode 7p Pf, Halstead, Wardle Storeys, Yorks, CONGLOMERATES (1) Goode Durrant, CONTG & CONSTRCN (7) Boot, Jackson, McAlpine, Melville, Smart, Tay Homes, Tilbury Douglas, ELECTRICALS (8) BICC, Do 10¼pc Cv '10, Ericsson, Jones Stroud, Menvier-Swain, Nokia Pfd, Oxford Instrs, Scholes, ELECTRICITY (1) Bedford, ELECTRONICS (22) Admiral, Blick, Bowthorpe, Cray, Druck, EIT, Electron Hse, Eurotherm, Ferranti, Forward Tech, MTL Instrs, Microtec, Misys, Multitone, Northamber, Polar, Pressac, Prestwick, Real Time Cntrl, Standard Platform, Star Computer, Tunstall, Vistec, ENG AERO (2) AIM, Smiths Inds, ENG GEN (12) Carclo, Hay, IMI, Metalrax, Powerscreen, Prospect, Siebe, Sykes, TT, Transfer Tech, Wyko, FOOD MANUF (3) Nestle (Br), Sims, Unigate, FOOD RETAILING (4) Geest, Greggs, Iceland, Sainsbury, HEALTH & HSEHOLD (4) Creighton Naturally, Huntleigh Tech, Jeyes, Proteus, HOTELS & LEIS (5) City Centre, First Leis, Granada, Hi-Tec, Ramsden's, INSCE LIFE (1) Britannic, INV TRUSTS (32), MEDIA (12) Border TV, CIA, Gold Greenlees, HTV, Harrington Kilbride, Johnston Press, Metal Bulletin, Metro Radio, News Intl, Portsmth & Sunderland, Quarto, Utd News, MERCHANT BANKS (7) Barings 8pc Pf, Do 9¾pc Pf, Hambros, Kleinwort Benson, Schroders, Do N/V, Singer & Friedlander, …

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
3pc 1992		99⅝xd	—	99⅞	97⅞	3.01	—
Exch 12¼pc 1992		100⅝	—	101¼	100½	12.17	9.77
13½pc 1992		101⅞	—	102¼	101⅞	13.34	9.76
Treas 8¼pc 1993		99¼	+⅛	99¼	97⅞	8.31	9.29
10pc 1993‡‡		100½	+⅛	100½	99⅞	9.95	9.43
12½pc 1993‡‡		103⅞	—	103⅞	101⅞	12.11	9.53
[illegible]							

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Exch 12¾pc 1999		115	+⅛	115	109½	10.85	9.23
Treas 10½pc 1999		107	+¼	107	101⅞	9.81	9.13
Conversion 10¼pc 1999		106xd	+⅛	106	100⅞	9.67	9.12
9pc 2000‡‡		100⅞	+⅛	100⅞	94⅝	8.98	8.96
Treas 13pc 2000		120⅞	+⅛	120⅞	114⅞	10.77	9.32
10pc 2001		105⅞	+⅛	105⅞	99⅞	9.46	9.03
14pc '98-01		120½xd	+¼	120½	115⅞	11.62	9.44
[illegible]							

BRITISH FUNDS - Cont.

Index-Linked	Notes (b)	Price £	+ or -	1992 high	1992 low	Yield Int. (1)	Yield Red. (2)
Treas. 2pc '94	(102.9)	126¼	+¼	126⅞	122¾	2.03	4.02
2pc '96	(67.9)	182⅞	+⅛	182⅞	176¾	3.35	4.01
2½pc '01	(78.3)	146⅞	+⅛	147⅞	143	4.13	4.47
2½pc '03	(78.8)	141⅞xd	+⅛	142⅞	138⅞	4.21	4.50
2pc '06	(69.5)	145⅝	+¼	144	139⅞	4.26	4.49
[illegible]							

OTHER FIXED INTEREST

[illegible]

FIXED INTEREST

[illegible]

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LEGAL NOTICES

Notice of Appointment of Liquidator — CARLTON STONE AND CLADDING LIMITED — [illegible]

Notice of Appointment of Liquidator — CON-TECH ARCHITECTURAL STONE LIMITED — [illegible]

PERSONAL

BRITISH AUTHOR researching book on Soviet overseas espionage operations … [illegible]

US $200,000,000
BankAmerica Corporation
Floating Rate Notes Due February 1997

For the period from May 19, 1992 to August 19, 1992 the Notes will carry an interest rate of 4.28125% per annum with an interest amount of US $547.05 per US $50,000 principal amount of Notes payable on August 19, 1992.

Agent Bank: Bank of America NT & SA London

LONDON SHARE SERVICE

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING - AEROSPACE

[illegible]

ENGINEERING - GENERAL

[illegible]

ENGINEERING - GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

Authorised by the Inland Revenue

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

INVESTMENT COMPANIES

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

TEAS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, *convertibles converted and warrants exercised if dilution occurs.*

■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
● "Tap Stock"
* *Highs and lows marked thus have been adjusted to allow for rights issues for cash*
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
◆ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
✣ USM; not listed on Stock Exchange and company not subjected to same *degree of regulation as listed securities.*
‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
# Price at time of suspension
¶ Indicated dividend yield after pending scrip and/or rights issue
♦ Merger bid or reorganisation in progress
§ Forecast dividend yield, p/e based on earnings updated by latest interim statement.
♦ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
k Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excluding a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on *previous year's earnings.*
v Subject to local tax.
z Dividend yield includes a special payment
E Minimum tender price
F Yield based on prospectus or other official estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1991.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on *prospectus or other* official estimates for 1991-92.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1991.
R Forecast annualised yield, p/e based on prospectus or other offical estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xt ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

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AUTHORISED UNIT TRUSTS

Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ♥	5	271.2	271.2	288.3	-0.2	0.78
(Accum Units) ♥	5	319.2	319.2	339.3	-2.4	0.78
British	5	880.9	896.6	948.6	+3.9	5.26
(Accum Units)	5	1477.3	1503.6	1590.8	+6.5	5.26
European	5	339.8	339.8	360.7	-0.3	1.43
(Accum Units)	5	368.3	368.3	391.0	-0.3	1.43
Japan	5	96.00	96.00	102.2	+0.4	-
(Accum Units)	5	96.77	96.77	103.0	+0.4	-
New Pacific	5	202.1	202.1	215.8	-3.3	1.62
(Accum Units)	5	207.6	207.6	221.6	-3.4	1.62
PEP May 13	5	164.3	165.9	175.5	—	8.49
Mngd Equity	5	132.1	133.6	141.4	+0.1	2.72
Mngd Equity Acc	5	140.2	141.7	150.0	+0.1	2.72
Mngd Cash	0	96.25	96.25	96.25	+0.05	9.44
(Accum Units)	0	120.9	120.9	120.9	+0.10	9.44
Majority Stlg	1	100.35	100.35	101.36	+0.06	9.27
Majority Stlg Acc.	1	111.29	111.29	112.41	+0.07	9.27
Storebrand Intl Inv Mngrs Ltd (1200)F						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries: 0277 227300 Dealing: 0277 261010						
International May 15	0	49.63	49.63	50.09	..	1.77
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
St Mark's Court, Horsham 0403 232323						
Equity	6	652.1	652.1	697.4	+5.1	2.85
North America	6	80.69	80.69	86.30	-1.42	0.43
Far East	6	85.92	85.92	91.90	-0.88	0.84
W'wide Bond	6	47.26	47.26xd	50.28	+0.27	6.31
European	6	69.13	69.13	73.94	+0.72	1.39
Equity Income	6	73.31	73.31	78.41	+0.49	5.12
Portfolio	6	59.78	59.78xd	63.94	+0.34	2.82
UK Leading Cos	6	47.21	47.21	50.22	...	2.74
Broker Trusts						
Worldwide Growth	6	47.00	47.00	50.00	—	2.29
Intl Equity	6	47.00	47.00	50.00	—	2.73
Sun Life of Canada Unit Mgrs Ltd (1000)H						

	Bid Price	Offer Price	+ or -	Yield Gross
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Property Apr 30	189.10	192.95	—	8.21
Equity Apr 30	905.90	918.60	..	3.83
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond May 15	104.99xd		+0.2	10.27
(Accum Units)	652.6		+1.4	10.27
NAACIF May 5	42.25xd		..	9.16
Morgan Grenfell Investment Funds Ltd				
Exempt Funds				
UK Equity † May 12	142.5	151.6	...	1.78
UK Small Co † May 12	561.1	613.9	...	3.26
Fixed Interest † May 12	109.9	115.7	...	8.64
US Small Co May 12	161.2	172.5	...	0.00
Managed May 12	116.0	124.0	—	3.64
Intl Bond May 12	119.9	126.5	...	10.15
Japan May 12	60.90	64.95	—	4.52
European May 12	93.02	99.54	-	1.70
Nth American May 12	116.5	125.3	-	1.27
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
American Exempt	53.47	56.62	-0.90	1.73
European Exempt	54.07	56.78	+0.80	2.28
Fixed Int Ex May 13	48.27	49.46	-	8.74
Japan Exempt	36.51	37.90xd	+0.63	0.80
Managed Ex May 14	48.17	50.10xd	....	4.05
SE Asia Exempt	79.25	83.22	-1.11	2.48
Sm Cos Expt May 13	38.44	40.37xd	....	3.27
UK Eqty Ex May 13	47.01	49.36	...	3.58
Phillips & Drew Fund Management Ltd				
Small Co's May 7	712.80	759.15xd	—	4.27
Do Accum	832.15	886.26	—	4.27
Int Cmpt May 14	190.87	195.17xd	—	1.78
UK Index May 7	1244.90	1260.31xd	—	4.62
Do Accum	1388.09	1406.08	..	4.62

	Bid Price	Offer Price	+ or -	Yield Gross
Henderson Administration(z)				
3 Finsbury Ave, London, EC2 M2PA 071-638 5757				
UK Equity	325.2	346.0	-2.5	-
Fixed Interest	64.3	66.9	+0.1	-
N America	261.0	277.7	-2.4	-
Far East	355.4	378.1	-3.6	-
Global Managed	337.5	359.1	-3.2	-
Deposit	207.2	218.2	+0.3	-
Prime Res.	133.4	140.5	-	-
European	191.6	203.9	-2.1	-

	Bid Price	Offer Price	+ or -	Yield Gross
Life Association of Scotland				
113 Dundas St, Edinburgh EH3 5EB 031-550 5000				
LAS Investment Assurance				
Managed Fund	274.9	289.4	+0.9	-
UK Equity	477.7	502.9	+2.6	-
Property	289.6	304.9		-
Money Market	228.2	240.3	+0.3	-
Fixed Interest	270.9	285.2	+1.3	-
Japan	252.7	266.0	+2.5	-
North America	129.9	136.9	-2.2	-
International	209.3	220.4		-
European	197.4	207.8	-0.7	-

	Bid Price	Offer Price	+ or -	Yield Gross
NEL Britannia Assce Co Ltd – Contd.				
Specialist Funds				
Barings Convertibles	114.7	120.7	-0.1	-
Barings Eastern	120.1	126.4	+0.1	-
Barings Equity Income	100.1	105.4	-0.5	-
Barings European Growth	107.5	113.2	-1.0	-
Barings German Growth	104.6	110.1	-0.6	-
Barings Japan Growth	83.0	87.4	-1.8	-
Barings UK Smllr Cos	109.2	114.9	+0.9	-
Fidelity 1992 Euro Opts	102.0	107.4	-0.3	-
Fidelity American	114.8	120.8	-0.6	-
Fidelity Amer Sp Sits	139.6	146.9	-0.6	-

Continued on next page

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OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

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	Bid Price	Offer Price	+ or -	Yield Gross
Asset Global Funds Ltd (1200)				
Victory Hse, Prospect Hill, Douglas, IoM 0624 620097				
European Equity 5	£14.37	14.37	15.41	-
CMI Fund Managers (IoM)				
Clerical Medical Hse, Douglas, IoM 0624 625599				
Equity & Law Intl Fund Mngrs Ltd				
Victory Hse, Prospect Hill, Douglas IoM 0624 677877				
Gartmore Fund Managers (IoM)				
PO Box 32, Douglas, IoM 0624 627610				
Leopold Joseph Fund Mngrs (IoM) Ltd				
PO Box 52 Athol St Douglas IoM 0624 661020				
Mercury Fund Managers IoM Ltd				
11 Hill Street, Douglas IoM 0624 662255				
Merc IoM Fund 5	106.5	106.5	113.7	6.7
Merc Intl Bond 5	50.12	50.12	52.70	8.4
Sun Life Management (IoM) Ltd				
PO Box 178, Douglas, IoM 0624 622444				
Unibank Scandinavian Fund Ltd				
23 Bucks Road, Douglas, IoM 06246 26484				

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Citibank (CI) Ltd "Citifunds"						
Irish £ May 14			117.771			-
Japan Equity May 14			$7.729			-
US Em High May 18			$22.171			-
US Em Tech May 18			$19.583			-
Citicorp May 18			$34.019			-
EBC Trust Company (Jersey) Ltd						
Income			$15.27	15.748	+0.082	2.73
Capital			$23.77	24.493	+0.124	5.50
Equitilink International Mngt Ltd						
Fidelity Investment (CI) Ltd						
Sterling American			£2.447	2.575	-0.011	-
Fleming Group						
Foreign & Colonial Mngmt (Jersey) Ltd						
US$ Cash			$10.68			-
Sterling Cash			£11.85			-
US$ Bonds			$14.85		+0.05	-
Multicurrency Bonds			$19.74			-
Sterling Bonds			£13.34		+0.02	-
D Mark Bonds			DM10.47			-
Ecu Bonds			Ecu11.77			-
UK Equities			£10.80		-0.08	-
US Equities			$16.37		-0.05	-
Japanese Equities			Y641			-
Contl Euro Equities			DM17.34		-0.12	-
UK Negative Equities			£10.15		+0.07	-
US Negative Eq.			$10.11		+0.03	-

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar loses to strong D-Mark

THE DOLLAR sank to three-month lows against the D-Mark and the Japanese yen yesterday, as a wave of news from both Germany and Japan undermined traders' confidence yet again in the US currency, *writes James Blitz.*

The news that German employers had reached a pay agreement with metalworkers boosted confidence in the D-Mark after several weeks in the doldrums. "It had been universally expected that there would be a strike and that the union would be settling for 6 per cent," said one currency analyst in London. "The slightly firmer settlement agreed by the German employers and unions dispelled fears that the country might not have inflation under control."

Simultaneously, dollar holders could not get out of their heads the fear that the Federal Reserve might cut rates at the Federal Open Markets Committee meeting today. The combination of factors forced the dollar down to a low of DM1.5930 in European trading, and it closed at DM1.5955. In US options trading, Dollar/D-Mark volatility was being quoted at 10.7/10.9 per cent for one-to three-month options, up from Friday's 10.4/10.7 per cent.

Yesterday's figures for Japan's trade surplus also knocked the confidence of dollar investors. Traders were still suffering a hangover from comments made by Mr David Mulford, the US Treasury Undersecretary for International Affairs, who stated last week that the US administration would like to see a strong Yen to keep Japan's trade surplus low. The news yesterday that Japan's trade surplus for April had risen 13.4 per cent compared with the same month last year further undermined their confidence. In European trading, the US currency fell as low as Y128.65 and closed only slightly higher at Y128.75.

Analysts believe that the odds are still against a cut in US interest rates today because there were good figures for April's retail sales and industrial production last week. The feeling is that these figures lessened the need for the Fed to stimulate production with another rate cut.

The D-Mark's stronger performance against the US currency gave it some leverage against other European currencies too. It ended one pfennig stronger against sterling, with the pound closing at DM2.9275. One analyst suggested that sterling's weaker performance may partly reflect disappointment that recent UK indicators have not shown a stronger upturn in the economy. Against the French franc, the D-Mark firmed modestly to around FFr3.3579 from Friday's late FFr3.3566.

However, the Swiss franc gained slightly after Switzerland said that it plans an application for EC membership, and the D-Mark eased to SFr1.4695 from SFr1.4714.

£ IN NEW YORK

May 18	Close	Previous Close
£ Spot	1.8355-1.8365	1.8230-1.8240
1 month	1.00-0.98pm	0.94-0.93pm
3 months	2.76-2.73pm	2.78-2.75pm
12 months	9.10-9.00pm	9.15-9.05pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY MOVEMENTS

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for May 15

CURRENCY RATES

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for May 15

OTHER CURRENCIES

*Floating rate Iran Official rate £118.50 $66.30

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu May 18	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	178.735	170.701	-4.49	5.92	74
Spanish Peseta	133.631	128.345	-3.96	5.33	68
Belgian Franc	42.4032	42.2990	-0.25	1.41	16
Dutch Guilder	2.31643	2.31400	-0.10	1.27	10
D-Mark	2.05586	2.05546	-0.02	1.18	7
French Franc	6.89509	6.90084	0.08	1.08	0
Irish Punt	0.767417	0.769392	0.26	0.90	-8
Sterling	0.696904	0.700697	0.54	0.61	-12
Italian Lira	1538.24	1547.32	0.59	0.57	-25
Danish Krone	7.84195	7.93307	1.16	0.00	-49

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

May 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8320 - 1.8380	1.8350 - 1.8360	0.99-0.97cpm	6.41	2.75-2.72pm	5.96
Canada	2.1945 - 2.1985	2.1965 - 2.1975	0.71-0.67cpm	3.77	1.31-1.24pm	2.32
Netherlands	3.2925 - 3.3050	3.2925 - 3.3025	¼-parcpm	0.23	½-¼pm	0.30
Belgium	60.20 - 60.40	60.25 - 60.35	4-1cpm	0.50	8-2pm	0.33
Denmark	11.3000 - 11.4250	11.3300 - 11.3300	¼-½oredis	-0.40	½-1¼dis	-0.26
Ireland	1.0960 - 1.1000	1.0960 - 1.0970	0.02dis-0.01pm	-0.05	0.06-parpm	0.11
Germany	2.9250 - 2.9350	2.9250 - 2.9300	¼-parpfpm	0.26	¼-parpm	0.09
Portugal	242.55 - 245.85	242.75 - 243.75	100-107cdis	-5.11	302-377dis	-5.58
Spain	182.75 - 184.45	182.75 - 183.05	38-47cdis	-2.79	106-124dis	-2.52

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.23-5.18pm. 12 Month 9.10-9.00pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

† UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 5¾-5⅝ per cent; three years 6⅜-6¼ per cent; four years 6⅞-6¾ per cent; five years 7¼-7⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

	£	$	DM	YEN	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta	Ecu
$	0.545	1	1.595	128.7	5.358	1.466	1.797	1201	1.197	32.86	99.67	0.778
DM	0.342	0.627	1	80.70	3.359	0.919	1.126	753.0	0.751	20.60	62.49	0.488
YEN	4.234	7.769	12.39	1000	41.63	11.39	13.96	9331	9.301	255.3	774.3	6.041
F Fr.	1.017	1.866	2.977	240.2	10.	2.736	3.353	2242	2.235	61.33	186.0	1.451
S Fr.	0.372	0.682	1.088	87.81	3.655	1	1.226	819.3	0.817	22.42	67.99	0.530
N Fl.	0.303	0.557	0.888	71.64	2.982	0.816	1	668.5	0.666	18.29	55.47	0.433
Lira	0.454	0.833	1.328	107.2	4.461	1.221	1.496	1000	0.997	27.36	82.99	0.647
C$	0.455	0.835	1.332	107.5	4.475	1.224	1.501	1003	1	27.45	83.25	0.650
B Fr.	1.658	3.043	4.854	391.7	16.31	4.461	5.468	3655	3.643	100.	303.3	2.367
Pta	0.547	1.003	1.600	129.1	5.376	1.471	1.803	1205	1.201	32.97	100.	0.780
Ecu	0.701	1.286	2.051	165.5	6.890	1.885	2.310	1544	1.540	42.26	128.2	1

Yen per 1,000: French Fr. per 10: Lira per 1,000. Belgian Fr. per 100. Peseta per 100

FINANCIAL FUTURES AND OPTIONS

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.8355	1.8257	1.8082	1.7835	1.7450

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls September	Calls December	Puts June	Puts September	Puts December
106	-	-	-	-	0.10	-
107	1.72	-	-	-	0.21	0.47
108	0.73	1.36	-	0.03	0.44	-
109	0.09	0.80	1.28	0.37	-	1.16
110	-	0.40	-	1.28	-	1.69
111	0.01	0.19	-	-	-	-
Open Int.	120,220	52,636	11,670	90,351	36,601	15,323

Estimated volume 15,448 Total Open Interest 326,801

BASE LENDING RATES

	%		%		%
Adam & Company	10	Credit Lyonnais	10	McDonnell Douglas Bnk.	10
Allied Trust Bank	10	Cyprus Popular Bk	10	Midland Bank	10
AIB Bank	10	Duncan Lawrie	10	Mount Banking	10
● Henry Ansbacher	10	Equatorial Bank plc	10	NatWestminster	10
B & C Merchant Bank	10.5	Exeter Bank Limited	11	Northern Bank Ltd	10
Bank of Baroda	10	Financial & Gen. Bank	10	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10	First National Bank Plc.	14	Provincial Bank PLC	14
Bank of Cyprus	10	● Robert Fleming & Co.	10	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10	Robert Fraser & Ptnrs.	10.5	Royal Bk of Scotland	10
Bank of India	10	Girobank	10	● Smith & Williamson Secs.	10
Bank of Scotland	10	● Guinness Mahon	10	Standard Chartered	10
Banque Belge Ltd	10	● Hambros Bank	10	TSB	10
Barclays Bank	10	Hampshire Trust Plc	13.5	Unibank plc	10
Benchmark Bank	11	Heritable & Gen Inv Bnk.	10	● United Bk of Kuwait	10
Brit Bk of Mid East	10	● Hill Samuel	10	Unity Trust Bank Plc	10
● Brown Shipley	10	C. Hoare & Co.	10	Western Trust	10
CL Bank Nederland	10	Hongkong & Shanghai	10	Westpac Bank Corp.	10.5
Citibank NA	10	Julian Hodge Bank	10	Whiteaway Laidlaw	10
City Merchants Bank	10	● Leopold Joseph & Sons	10	Yorkshire Bank	10
Clydesdale Bank	10	Lloyds Bank	10		
Co-operative Bank	10	Meghraj Bank Ltd	10		
Coutts & Co	10				

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Interest rates softer

INTEREST RATES in the sterling cash markets fell slightly yesterday as traders reacted optimistically to news that a potentially crippling industrial dispute had been avoided in Germany.

The news that German metalworkers had clinched a 5.8 per cent wage deal with employers came as a relief to traders who feared that a destructive strike in Germany might lead to another rise in interest rates. Traders in the sterling money market believe that the Bank of England will be unable to engineer another interest rate cut if German short-term rates are raised any further.

UK clearing bank base lending rate
10 per cent
from 5 May, 1992

As a result, period rates in London ended slightly lower. 3-month money, a key indicator of where the markets believe base rates are moving, ended the day at 10 per cent, down from 10 1/16 per cent on Friday night. But 10 per cent remained the rate right up to 6-month money, with the 9-month and 1-year periods ending at 9 15/16 per cent. That sloping yield curve suggests that the market does not see a significant cut in base rates for some time.

The futures markets also reflected the news from Germany. September short sterling ended the day six points higher, at 90.31, suggesting that base rates four months from now will be at 9.69 per cent. Volumes for June short sterling were also significantly higher than those for last week, and the contract ended four ticks up on the day at 89.99.

The Bank of England's operations in the money market were extremely quiet. The Bank forecast a shortage of £400m at the start of the day, but little paper was offered during the day. The forecast was later revised to a shortage of around £450m. The Bank did not operate in the market in the morning and in the afternoon, and provided late assistance of around £50m.

One trader suggested that the Bank may have been reluctant to buy paper, perhaps signalling that it would not like to see rates fall in the wake of the German pay settlement. That interpretation was scotched by many other traders. "There is any number of reasons why there would be a lack of paper offered now," said one. "There is the usual reluctance to offer paper in the wake of a base rate cut, and the simple fact that people don't borrow so much money in a recession."

FT LONDON INTERBANK FIXING

(11.00 a.m. May 18) 3 months US dollars		6 months US Dollars	
bid 3 13/16	offer 3 15/16	bid 3 15/16	offer 4 1/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

4pm					
Prime rate	6½	One month	3.24	Three year	5.68
Broker loan rate	6	Two month	3.52	Five year	6.57
Fed.funds	3¾	Three month	3.68	Seven year	6.93
Fed.funds at intervention	-	Six month	3.81	10-year	7.27
		One year	4.06	30-year	7.81
		Two year	5.07		

May 18	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfort	9.55-9.65	9.70-9.80	9.70-9.80	9.70-9.80	9.70-9.80	9.75
Paris	9¼-9⅜	9¼-9⅜	9¼-9⅜	9 13/16-9 15/16	9 13/16-9 15/16	9.60
Zurich	8⅝-8¾	9-9¼	-	8⅞-9⅛	-	-
Amsterdam	9.31-9.38	9.47-9.54	-	9.48-9.55	-	-
Tokyo	4 13/16-4 15/16	4 13/16-4 15/16	-	4 13/16-4 15/16	-	-
Milan	12¼-12½	12¼-12½	-	12¼-12½	-	-
Brussels	9⅝-9 13/16	9½-9⅝	-	9 11/16-9 13/16	-	-
Dublin	9⅝-9⅞	10-10⅛	10-10⅛	10-10⅛	10-10⅛	-

LONDON MONEY RATES

May 18	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12½	9⅞	9 15/16	10	10	10
Interbank Bid	9⅛	9½	9 13/16	9¾	9¾	9¾
Sterling CDs	-	-	9¾	9 13/16	9 13/16	9 13/16
Local Authority Deps.	9 13/16	9 13/16	10 1/16	10 1/16	10 1/16	9 15/16
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10⅛	9⅝	-	-	-	-
Company Deposits	-	-	10⅛	10⅛	10⅛	10 1/16
Finance House Deposits	-	-	9⅞	9 15/16	9 15/16	9 15/16
Treasury Bills (Buy)	-	-	9⅝	9 11/16	9⅝	-
Bank Bills (Buy)	-	-	9 13/16	9 13/16	9 13/16	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.75	3.77	3.88	4.33
SDR Linked Dep. Offer	-	-	6⅜	6½	6⅝	6⅞
SDR Linked Dep. Bid	-	-	6¼	6¼	6½	6½
ECU Linked Dep. Offer	-	-	10 3/16	10 3/16	10 3/16	10⅛
ECU Linked Dep. Bid	-	-	10 1/16	10 1/16	10 1/16	10

Treasury Bills (sell); one-month 9½ per cent; three months 9 11/16 per cent; six months 9⅝ per cent; Bank Bills (sell); one-month 9⅝ per cent; three months 9 11/16 per cent; Treasury Bills; Average tender rate of discount 9.3713 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day April 30, 1992. Agreed rates for period May 26, 1992 to June 23 1992, Scheme I: 11.75 p.c., Schemes II & III: 11.93 p.c. Reference rate for period April 1, 1992 to April 30, 1992, Scheme IV&V. 10.685 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from May 1, 1992; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991. Deposits withdrawn for cash 5 per cent.

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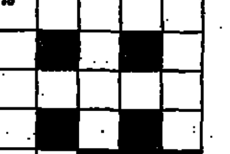
MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

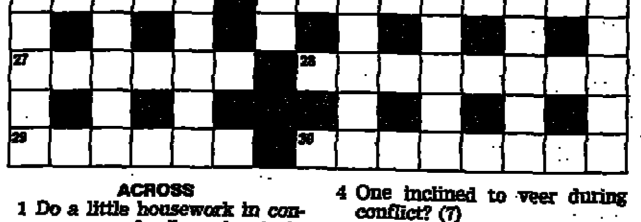
Heavens above, is the City a zoo? Bulls, bears and stags, and now Pelikans too!



Pelikan

CROSSWORD

No.7,851 Set by CINEPHILE



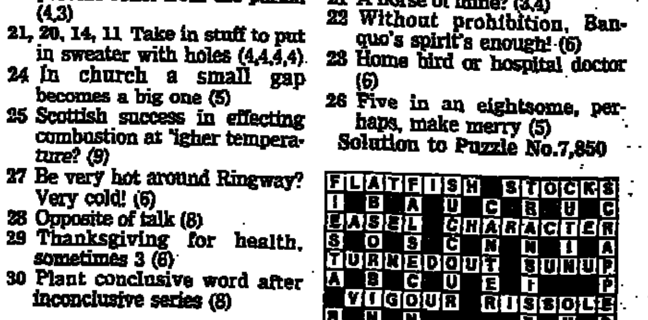
ACROSS

1 Do a little housework in consequence of soil erosion (4,4)
5 Training place for submarine crew? (6)
9 Hope VAT's changed before you start being overcapitalised (3-5)
10 Frenchman to put in gum (6)
12 Role in theatre's for men only (4,5)
13 Author of Men at Arms sounds apt (5)
14 See 21 across
16 Relation one treats like dirt? (7)
19 Ring (gold) left in hand to provide relief from the parish (4,3)
21, 20, 14, 11 Take in stuff to put in sweater with holes (4,4,4,4)
24 In church a small gap becomes a big one (5)
25 Scottish success in effecting combustion at 'igher temperature? (9)
27 Be very hot around Ringway? Very cold! (6)
28 Opposite of talk (8)
29 Thanksgiving for health, sometimes 3 (6)
30 Plant conclusive word after inconclusive series (8)

DOWN

1 Hate of French trial (6)
2 Relation in waves shows photographs of cuttlefish (6)
3 Call for doctor in terrible epidemic (5)
4 One inclined to veer during conflict? (7)
6 Acrobatic movement where talc is applied (9)
7 Explosion not natural to Brutus (8)
8 Desire consent to marriage? It must be fully spelled out (8)
11 See 21
15 Let Reverend Thomas put together an electrical instrument (9)
17 Drug for gravity in particular? (8)
18 A model gets very large income when half asleep (8)
20 See 11
21 A horse of mine? (3,4)
22 Without prohibition, Banquo's spirit's enough! (6)
23 Home bird or hospital doctor (6)
26 Five in an eightsome, perhaps, make merry (5)

Solution to Puzzle No.7,850



WORLD STOCK MARKETS

CANADA

INDICES

NEW YORK

DOW JONES	May 18	May 15	May 14	May 13	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
‡Industrials	3376.03	3353.09	3368.88	3391.98	3397.58 (11/5)	3172.41 (2/1)	3397.58 (11/5/92)	41.22 (2/7/32)
Home Bonds	100.07	99.96	99.83	99.93	100.07 (18/5)	98.41 (20/3)	100.07 (18/5/92)	54.99 (1/10/81)
Transport	1372.57	1374.07	1376.49	1405.27	1467.68 (20/2)	1301.57 (8/4)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	212.44	212.01	212.63	213.95	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

‡Day's High 3398.24 (3380.31) Low 3349.92 (3330.45)

STANDARD AND POOR'S

	May 18	May 15	May 14	May 13	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	412.81	410.09	413.14	416.45	420.77 (15/1)	394.50 (8/4)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	487.50	484.06	487.93	491.82	499.27 (15/1)	470.91 (8/4)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	35.14	35.03	35.32	35.80	35.80 (13/5)	32.40 (8/4)	35.80 (13/5/92)	8.64 (1/10/74)
NYSE Composite	227.59	226.31	227.72	229.44	231.85 (15/1)	217.92 (8/4)	231.85 (15/1/92)	4.46 (25/4/42)
Amer Mkt. Value	391.52	390.37	391.79	393.75	418.99 (12/2)	380.90 (8/4)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	576.53	574.43	576.46	582.38	644.92 (12/2)	560.33 (28/4)	644.92 (12/2/92)	54.87 (31/10/72)

	May 15	May 8	May 1	year ago (approx.)
Dow Industrial Div. Yield	2.79	2.77	2.79	3.13

	May 13	May 6	Apr 29	year ago (approx.)
S & P Industrial div. yield	2.62	2.61	2.62	2.78
S & P Indl. P/E ratio	29.19	29.29	28.96	18.53

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Walt Disney	3,103,700	39⅝	+ 1½
Citicorp	1,858,700	19⅞	- ⅛
Gap	1,847,300	34⅞	+ ⅞
Royal Dutch	1,771,700	84¼	+ 1⅛
Comp Assoc	1,549,000	12⅞	- ⅛
Limited	1,546,700	20⅞	+ ¼
Ford Motor	1,432,900	43⅞	+ 1
Coca Cola	1,419,100	44⅞	+ 1
Hewlett-Packard	1,366,000	74⅞	- 3
IBM	1,169,900	90⅞	- ⅞

TRADING ACTIVITY

† Volume (Millions)	May 18	May 15	May 14
New York SE	149.830	192.040	187.700
Amex	10.051	11.792	16.226
NASDAQ	(u)	142.887	185.184
NYSE			
Issues Traded	2,275	2,230	2,255
Rises	1,039	624	538
Falls	705	1,034	1,174
Unchanged	531	572	543
New Highs	60	33	49
New Lows	16	24	20

CANADA

TORONTO	May 15	May 14	May 13	May 12	1992 HIGH	1992 LOW
Metals & Minerals	3063.73	3078.92	3103.71	3089.15	3238.87 (16/1)	2828.26 (8/4)
Composite	3391.43	3388.31	3404.23	3427.89	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1778.23	1777.84	1787.15	1801.88	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	May 18	May 15	May 14	May 13	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1668.5	1659.3	1679.7	1682.7	1682.70 (13/5)	1545.30 (9/4)
All Mining (1/1/80)	693.6	699.6	706.8	708.0	717.20 (25/2)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	406.04	401.01	403.79	405.25	458.57 (24/2)	372.24 (2/1)
Traded Index (2/1/91)	972.46	957.49	963.47	966.75	1099.45 (24/2)	961.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1225.21	1206.08	1215.12	1221.74	1234.72 (3/3)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	337.36	(c)	338.9	339.05	365.29 (15/1)	326.35 (9/4)
FINLAND						
HEX General (28/12/90)	851.3	857.5	849.7	852.3	935.90 (24/2)	778.30 (9/4)
FRANCE						
CAC General (31/12/82)	547.13	543.72	551.86	554.40	556.93 (12/5)	475.53 (2/1)
CAC 40 (31/12/87)	2051.64	2023.95	2017.00	2053.17	2077.49 (11/5)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	708.13	700.17	704.05	706.98	715.44 (3/3)	643.26 (8/1)
Commerzbank (1/12/53)	1994.3	1970.50	1982.3	1990.8	2026.70 (3/3)	1913.80 (8/1)
DAX (30/12/87)	1758.43	1724.07	1742.26	1749.42	1764.80 (5/3)	1578.73 (9/1)
HONG KONG						
Hang Seng Bank (31/7/64)	5637.09	5704.50	5746.45	5757.95	5757.95 (13/5)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1407.00	1399.57	1408.56	1420.60	1469.57 (17/1)	1346.61 (3/4)
ITALY						
Banca Com. Ital. (1972)	(u)	472.72	477.5	482.33	561.59 (6/2)	472.72 (15/5)
MIB General (2/1/92)	933.0	932.0	942.0	952.0	1086.00 (5/2)	932.00 (15/5)
JAPAN						
Nikkei (16/5/49)	18443.10	18074.27	18804.60	18768.57	23801.18 (6/1)	16598.15 (9/4)
Tokyo SE (Topix) (4/1/68)	1370.74	1348.82	1396.73	1398.22	1763.43 (6/1)	1196.19 (9/4)
2nd Section (4/1/68)	2079.26	2073.44	2103.79	2085.68	2459.85 (6/1)	1910.56 (9/4)
MALAYSIA						
KLSE Composite (4/4/86)	(c)	590.34	593.83	598.65	619.06 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Ttl Rtn Gen.(End 1983)	(u)	306.1	306.6	306.2	306.90 (11/5)	274.00 (8/1)
CBS All Shr (End 1983)	221.4	210.1	212.6	212.8	213.60 (11/5)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	772.74	766.20	770.49	771.15	772.74 (18/5)	667.88 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	1317.11	1338.37	1337.39	1328.04	1338.37 (15/5)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	(c)	394.74	395.67	393.99	416.99 (21/1)	370.13 (9/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1136.04	1121.0	1090.0	1070.0	1527.00 (21/1)	1006.00 (24/4)
JSE Industrial (28/9/78)	4568.04	4568.0	4571.0	4534.0	4572.00 (14/5)	4169.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex (4/1/80)	588.05	589.30	587.56	592.29	691.48 (8/2)	569.65 (10/4)
SPAIN						
Madrid SE (30/12/85)	260.62	(c)	261.38	260.82	266.51 (28/2)	238.93 (2/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	998.6	985.50	1001.40	1007.80	1014.50 (11/5)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	873.0	868.5	877.3	880.2	883.40 (11/5)	742.50 (8/1)
SBC General (1/4/87)	673.3	669.3	676.9	680.5	682.30 (11/5)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4437.63	4292.46	4300.60	4326.38	5391.63 (30/1)	4268.17 (11/5)
THAILAND						
Bangok SET (30/4/75)	(c)	732.89	727.96	731.27	832.39 (7/4)	710.72 (7/5)
WORLD						
M.S. Capital Intl.(1/1/70) (§)	509.5*	502.7	509.0	511.3	542.10 (7/1)	467.50 (9/4)
Euro Top-100 (26/6/90)	966.43	954.65	960.21	969.22	971.92 (11/5)	870.31 (2/1)

**Saturday May 16: Taiwan Weighted Price 4356.07, Korea Comp Ex 585.84
§ Subject to official recalculation. *Calculated at 15.00 GMT
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen, MIB Gen, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500. (c) Closed. (u) Unavailable

TOKYO - Most Active Stocks

Monday 18 May 1992

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Jpn Mtl & Chem	12.8m	810	+85	NKK	2.6m	278	-2
Okamoto Inds	4.0m	1,520	+80	Yamaha Motor	2.2m	984	+61
Mitsui Mining	3.6m	753	+72	Nippon Chem	2.1m	775	+50
Honshu Paper	3.1m	591	+51	Ricoh Co	2.1m	505	+35
Jpn Storage	2.9m	1,080	+30	Hitachi	2.0m	828	+23

PRIVATISATION IN EASTERN EUROPE

The FT proposes to publish this survey on
June 25th 1992.

The first ever FT survey on this subject will be published in the FT of that day and will be printed in London, Frankfurt, Roubaix, New Jersey and Tokyo. *It will be distributed in 160 countries world-wide.* For further information about advertising in this survey please contact,

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FT SURVEYS

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4:00 pm prices May 18

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅞	12¾	AAR Corp	0.48	3.6	16	152	13⅞	13¼	13⅞	
28	20⅝	A L Labs A	0.18	0.8	79	49	24⅛	23½	23¾	-¼
68¾	56	AMP Inc	1.52	2.5	26	672	62⅛	61⅞	61⅞	-¼
80¼	64¼	AMR			17	13974	67⅛	65⅛	65¾	-1½
2⅞	1⅝	ARX			2	165	1⅞	1¾	1¾	
53⅛	40¾	ASA	2.00	4.5	12	250	44¾	44½	44½	-⅛
68⅞	58¼	Abbott Lab	1.20	1.8	24	2147	65¾	65⅛	65⅝	+⅜
13⅞	12	Abitibi Pr	0.42	3.3		8z100	12½	12½	12⅝	+⅛
11⅝	10⅛	ACM Gv In x	0.96	8.9		314	10¾	10⅝	10¾	
10⅜	9⅛	ACM GvOpp x	0.80	8.4		61	9½	9⅜	9½	
9½	8½	ACM Gvt Sp	0.80	9.0		393	9	8⅞	8⅞	
11¼	10⅛	ACM Gvt Se	0.96	9.0		289	10¾	10⅝	10⅝	
9⅞	8⅝	ACM Man x	0.95	10.1		406	9⅜	9¼	9⅜	
12⅞	10⅝	ACM Mangd x	1.08	9.4		243	11⅝	11½	11½	
11⅛	6¾	Acme Cleve	0.40	6.9	29	94	6¾	6½	6¾	
6¼	4½	Acme Elect			4	76	5⅛	4⅞	4⅞	-⅛
33¼	18⅞	Acuson			14	384	22⅝	22	22	-¼
19½	18⅛	Adams Exp x	0.48	2.5	0	70	19	18⅞	19	
15½	13	Adobe12PI	2.40	16.1		13	14⅞	14¾	14⅞	
5¾	4½	Adobe Res			2	170	5	5	5	
49¾	38	Ad Micro	3.00	7.4		22	40⅝	40½	40⅝	-¼
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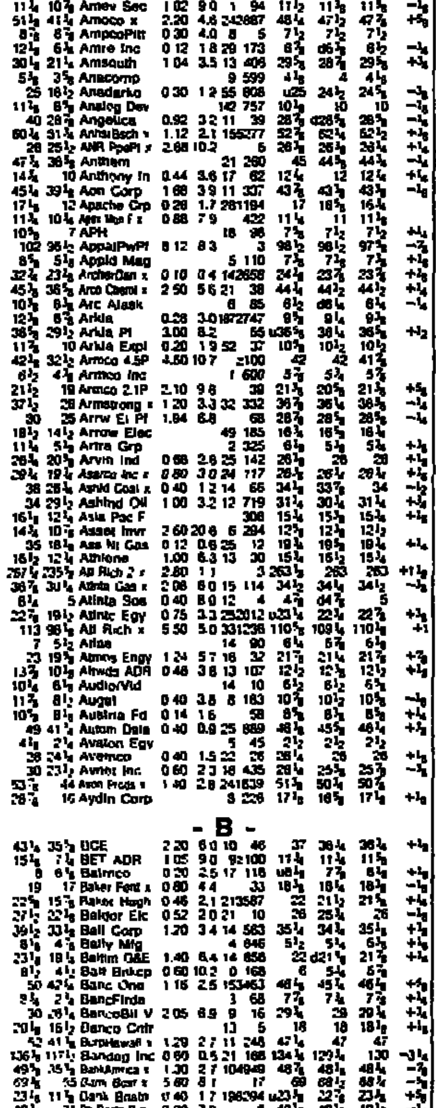

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NYSE COMPOSITE PRICES

Continued from previous page

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Chng
44⅝	35¾	WinnDixie	1.20	2.9	17	465	40¾	40½	40¾	+½
6⅛	3⅝	Winnebago			14	58	6½	5⅞	6⅜	-⅛
40⅝	35⅝	WiscEnergy	1.95	4.9	14	801	40¼	39⅞	40	
28⅜	26⅛	WiscPubSv	1.70	6.1	12	80	27⅞	27¼	27⅞	+⅛
49⅜	40	Witco Corp	1.84	4.0	13	537	46	45⅜	45⅞	
14	10	Wolverine	0.16	1.6	29	424	10⅛	10⅛	10⅛	
32⅞	28⅛	Woolworth	1.12	3.9	75	2537	28⅞	28¼	28⅝	+¼
14	12½	World Wide	0.84	5.9		204	u14⅛	13⅞	14⅛	+¼
12⅝	9⅛	Worldcorp			22	1612	9⅜	d9⅛	9⅜	+⅛
86⅛	66⅜	Wrigley	1.00	1.4	21	54	73	72¼	72⅞	+⅝
18½	12⅞	Wyle Labor	0.28	1.9	15	82	15⅛	14⅞	15	-⅛
21	16⅛	Wynns Int	0.60	2.8	7	77	u21	20½	21	+⅜

- X - Y - Z -

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Chng
82¾	66⅞	Xerox	3.00	4.2		172409	71¾	70¾	71⅞	+⅝
53½	50½	Xerox4.125				3	53	52½	53	
28½	24⅞	Xtra 1.94 x	1.94	7.2		259	27	27	27	
37	28½	Xtra Corp x	0.80	2.4	12	262	34¼	34	34	+⅛
27	25¼	Yankee Egy	1.60	6.0	12	21	26⅜	26½	26⅝	
1½	½	Zapata			24	553	1⅛	1	1	-⅛
11⅞	6¾	ZenithElec			4	489	8	7⅞	8	+⅛
18¾	14½	Zenith Nat	1.00	5.7	7	105	17⅝	17⅝	17⅝	
7⅛	6	Zenix Inc x	0.85	12.6		278	6⅞	6¾	6¾	
13¾	11	Zero Corp x	0.40	3.5	18	165	11½	11⅜	11½	+¼
38	31½	Zurn Ind	0.88	2.8	34	85	31⅞	31⅝	31¾	
14⅛	12¾	Zweig Fund	1.15	8.9		199	13	12⅞	13	+⅛
11	9⅞	Zweig Totl	1.00	9.6		447	10⅝	10⅜	10½	

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1. excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4:00 pm prices May 18

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Pall Corp	0.36	25	2932	24⅜	d23¼	23⅝	-⅛

NASDAQ NATIONAL MARKET

4:00 pm prices May 18

CREDIT & CHARGE CARDS

The FT proposes to publish this survey on
June 8 1992.
In addition to the Financial Times excellent profile against cardholders, the Survey will also be seen by 40% of Board Directors in the UK whose main responsibility is Finance and Accounting. If you want to reach this important audience, call
Alicia Andrews
on 071 873 3565
or fax 071 873 3062.

Data source: BMRC Businessmans Survey 1990

FT SURVEYS

THE OFFICE ENVIRONMENT

The FT proposes to publish this survey on
June 26 1992.
It will be of special interest to the 51% of the senior business executives in the UK with responsibility for premises/property management who are readers of the Financial Times. If you want to reach this important audience and the Financial Times estimated one million readers worldwide, call Edward Batt on 071 873 4196 or fax 071 873 3062.

Data source: European Business Readership Survey 1991

FT SURVEYS

AMERICA

US stocks take their cue from overseas

Wall Street

US STOCK markets took their cue from overseas yesterday, share prices rising with relief that the Olympia & York bankruptcy situation did not do more damage to international financial markets, *writes Patrick Harverson in New York.*

By the close the Dow Jones Industrial Average showed an improvement of 22.94 at 3,376.03.

The more broadly based Standard & Poor's 500 index moved forward 2.72 to 412.77, while the Nasdaq composite index of over-the-counter stocks rose 2.10 to 576.53. Turnover on the New York SE was light at 150m shares.

No one factor dominated market sentiment yesterday, although the mild reaction of international markets to O & Y's troubles helped US equities bounce back from two consecutive days of losses.

The market was also helped by yet another fall in bond yields, and by growing hopes of an interest rate cut. The Federal Reserve's key policy-making Open Market Committee meets today, and if a decision is taken to ease monetary policy once more, it is likely to be agreed upon at the meeting, said analysts.

Among individual stocks, Hewlett-Packard fell $2¾ to $74¾ in turnover of more than 1m shares after the computer group posted fiscal second-quarter net income of $1.28 cents a share, up from 93 cents a year ago.

The market was not unsettled by the figures, but by the company's expression of concern about the sluggishness of economic conditions and its effect on earnings.

Hewlett-Packard's warning appeared to trouble other computer stocks, probably contributing to IBM's poor performance on a day when other leading stocks shone. IBM was down $1 at $90⅝.

Elsewhere in the sector, Motorola retreated $⅞ to $77⅞, Compaq lost $½ to $24⅝ and Digital Equipment slipped $⅜ to $43¾, but Unisys steadied at $9¼.

Clothing retailer The Gap rose $⅞ to $34¾ as the market began to claw back some of the fall incurred last week in the wake of disappointing first-quarter profits.

Deere & Co weakened $1¾ to $44½ in heavy trading after analysts at two broking houses, Smith Barney and Prudential Securities, reduced their estimates of the agricultural equipment maker's fiscal 1992 earnings.

McDonnell Douglas fell $4⅝ to $43½ on reports that Taiwan Aerospace will propose altering the terms of a joint venture with McDonnell which will involve the elimination, at least for now, of a planned equity infusion.

Barnett Banks lost $3½ to $35⅝ after announcing it will take a charge to cover the costs of its $885m stock swap merger with First Florida Banks. The news sent First Florida shares rocketing $13⅞ to $45⅞ on the Nasdaq market.

Airgas climbed $2¼ to $29¼ after reporting fiscal fourth-quarter net income of 33 cents a share, reversing last year's final quarter loss of 51 cents a share.

On the over-the-counter market, Stokely declined $⅞ to $6⅛ after the company suspended its dividend on common stock in the wake of a fiscal fourth-quarter loss.

● Toronto was closed yesterday for Victoria Day.

SOUTH AFRICA

EXPECTATIONS of an interest rate cut pushed gold shares higher but they closed off the day's best levels. The gold index closed up 14 at 1,135 and the overall index was 3 better at 3,688. The industrial index was steady at 4,568.

EUROPE

Continent welcomes German pay settlement

THE PAY settlement between metalworkers and employers in Germany put most of Europe in a good mood yesterday, *writes Our Markets Staff.*

FRANKFURT had one of its remorselessly logical days, lifting bunds and equities on news of the settlement, carmakers and engineers on the absence of potentially crippling strike prospects, and most retailers on the extra spending money that will result.

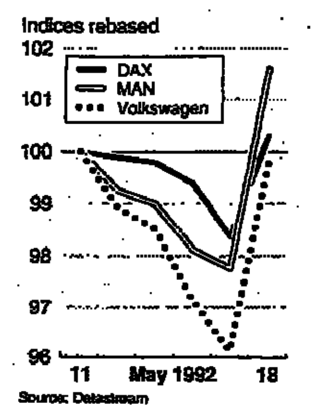
A rise of 7.96, or just over 1 per cent to 708.13 for the FAZ index at midsession improved to 34.36, or 2 per cent at 1,758.43 for the DAX at the close.

Turnover climbed from DM5.3bn to DM8.2bn. Traders and analysts welcomed the settlement, indicating a 5.8 per cent pay rise for this year and one of 3.4 per cent, plus a working week cut equivalent to another 1.4 per cent for 1993.

Some dealers noted that much of yesterday's buying reflected position-squaring following short sales last Friday. But Mr James Cornish, County NatWest's strategist, felt there was more to go for.

Mr Cornish, who visited the Bundesbank at the end of last week, says that another high M3 growth figure is imminent, but that the Bundesbank is not likely not raise the Lombard rate in consequence, feeling that the figures are being inflated by inputs which do not necessarily reflect inflation in the German economy. So yesterday's drop in the Bundesbank's average bond yield from 8.30 to 8.25 per cent looks soundly based.

Carmakers responded yesterday with gains of around 3 per cent, Daimler-Benz rising DM21.30 to DM786.80, BMW up DM18 to DM579 and Volkswagen DM14.50 better at DM396; among engineers, MAN was outstanding with a rise of DM14.70 to DM383.50.



Source: Datastream

FT-SE Eurotrack 100 - May 18								
Hourly changes								
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close	
1178.28	1179.22	1180.70	1181.44	1182.00	1183.26	1183.85	1184.41	
Day's High 1184.49				Day's Low 1178.06				
May 15	May 14	May 13	May 12	May 11				
1171.24	1179.98	1187.91	1188.40	1191.63				

Base value 1000 (26/10/90).

PARIS closed just off the day's highs, boosted by a firm bond market and relief over the German situation. The CAC-40 index ended up 27.69 or 1.4 per cent at 2,051.64 in moderate turnover of FFr2.7bn.

News late on Friday that the government planned to cut its stake in Total from 34 per cent to 15 per cent and allow shareholders to swap their certificates for voting shares at a parity of 4 certificates for 3 shares prompted heavy arbitrage, which accounted for just under 10 per cent of the day's volume. The shares dropped FFr11.80 or 4.5 per cent to FFr248.20 while the certificates added FFr15.50 or 9.2 per cent to FFr184.40.

LVMH jumped FFr101 to FFr4,200 in 31,420 shares on good buying interest from the UK. Eurotunnel added FFr1.15 or 3.1 per cent to FFr38.25 following Friday's news that the government would allow it to carry heavy goods vehicles in semi-open shuttle wagons as initially proposed. A re-design would have cost £100m.

MILAN was boosted at the start of the new account by Fiat's 1991 results which were announced after the close on Friday. However, optimism about Fiat's turnround prospects was tempered by persistent political uncertainty as the search for a president continued. The Comit index added 1.93 to 474.65 in turnover estimated at L90bn-L100bn after L117.8bn.

Fiat closed L125 higher at L4,935, catching up the gains made on London's Seaq on Friday, but slipped L5 on the kerb. Ras, the insurer controlled by Allianz of Germany, added L325 to L17,875 amid reports that it would use the cash raised through its recent rights issue to buy into Banco Ambroveneto.

ZURICH saw limited domestic interest in equities, with the all-share SPI index just 6.9 higher at 1,202.0, but foreign investors were inspired by the German labour settlement and the Swiss government's nod toward European Community membership. The SMI index closed 18.0 higher at 1,939.1.

Nestlé bearers put on SFr140 to SFr10,100. Brokers put the gain down to foreign buying, and a technical correction after Friday's losses.

AMSTERDAM closed higher, boosted by short-covering after Friday's expiry of options and by demand for cyclical stocks. The CBS Tendency index rose 1.3 to 129.4.

Fokker rose Fl 2.50 to Fl 36.20 on reports that Aerospatiale, Germany's Deutsche Aerospace and Alenia wanted to take control of the Dutch airline manufacturer. Unilever remained under pressure after disappointing first quarter earnings, losing 50 cents to Fl 186.80.

STOCKHOLM recovered from Friday's setback on expectations of encouraging first quarter reports from Astra, Asea and Volvo, all due today. The Affärsvärlden general index added 13.1 to 998.6 in turnover of SKr419m after SKr393m. Volvo B rose SKr6 to SKr435, Asea B by SKr6 to SKr373 and Astra B by SKr13 to SKr534.

MADRID eased in a technical correction, the general index losing 0.76 to 260.62 in an active Pta15.04bn.

Telefonica rose Pta10 to Pta1,105 on a 20 per cent gain in first quarter profits. The power company, Endesa, expected to announce a new collaboration pact in Europe, rose Pta40 to Pta3,650, but Viscofan, the food packaging company which announced a 45 per cent drop in first quarter profits, fell Pta210 or 8.5 per cent to Pta2,270.

ASIA PACIFIC

Bargain hunting helps Nikkei recover in light trade

Tokyo

THE Nikkei average, which fell sharply last Friday on news that Olympia & York had filed for insolvency protection in North America, rebounded on the more phlegmatic reaction on Wall Street, *writes Emiko Terazono in Tokyo.*

The index regained 368.83 to 18,443.10 on bargain hunting, and short-term buying of speculative favourites, after opening at the day's low of 18,128.16 and reaching 18,458.05 in the afternoon. Volume, however, fell to 220m shares from 352m as most institutional investors remained on the sidelines.

Mr Masami Okuma at UBS Phillips & Drew said leading investors are likely to remain inactive during the corporate results season, which commences this week and is expected to last until mid-June.

Advances led declines by 668 to 324, with 144 issues unchanged, while the Topix index of all first section stocks advanced 21.92 to 1,370.74. In London the ISE/Nikkei 50 index edged up 0.66 to 1,095.75.

Short-term trading by dealers lifted speculative stocks. Japan Metals and Chemicals, the most active issue of the day, moved ahead Y85 to Y810 on the "environmental theme". The company makes metallic alloys used in batteries.

Okamoto Industries added Y80 at Y1,520 as dealers tried to revive the "biotechnology theme". Mitsubishi Kakoki, which makes industrial waste water treatment equipment, rose by its daily limit of Y100 to Y1,080.

Banks, which fell sharply last week on the O & Y developments, were bought. Industrial Bank of Japan improved Y50 to Y1,790 and Dai-Ichi Kangyo Bank Y80 to Y1,330.

Real estate issues, which lost ground last Friday on fears about real estate lending, failed to recover. Mitsui Fudosan, the leading real estate developer which announced its first fall in pre-tax profits in 16 years, dipped Y20 to Y1,040. Aoki lost Y23 to Y512 on reports of its links to the stock and bribery scandal involving Sagawa Kyubin, the parcel delivery company.

In Osaka, the OSE average picked up 236.96 to 21,032.27 in volume of 11.8m shares.

Roundup

INDIVIDUAL influences moved equities in the Pacific Rim region yesterday. Singapore, Kuala Lumpur and Bangkok were closed for public holidays.

AUSTRALIA climbed steadily, and then lost much of its gain when Papua New Guinea's foreign minister called for all mining agreements in the country to be redrawn after the June national elections.

Mining and resource issues fell but industrials helped the *All Ordinaries index end 7.8 up* at 1,668.5, off a day's high of 1,674.4. The All Industrials index was 21.4 ahead at 2,615.2.

The PNG moves threaten CRA's position as major shareholder in Bougainville Copper, but CRA closed steady at A$14.24, off a low of A$14.00. Other resource companies with interests in PNG tumbled, Placer Pacific losing 15 cents to A$2.53, MIM 4 cents to A$2.68 and Renison 20 cents to A$4.80.

Turnover was light at A$160.3m. Foster's and SA Brewing were heavily traded after Friday's proposal of an A$6bn merger, rising 9 cents to A$1.99 and falling 6 cents to A$3.01 respectively.

NEW ZEALAND reported late foreign buying orders and closed at a six-month high, the NZSE-40 index adding 8.96 at 1,539.45. Turnover shrank from NZ$34.5m to NZ$24.7m.

Foreign buying was again focused on the forestry sector. Fletcher Challenge moved forward 8 cents to NZ$3.71.

HONG KONG took the O & Y filing as an excuse for profit-taking. The Hang Seng index finished 67.41 down at 5,637.09 after recovering from an earlier fall of nearly 100 points. Turnover contracted from HK$3.6bn to HK$3.1bn.

Dealers noted that the index futures were trading at premiums of around 70 points to the cash index, indicating that underlying sentiment remains optimistic. HSBC, parent of Hongkong and Shanghai Banking and estimated to have around US$700m in loan exposure to O & Y – but not, HSBC emphasised yesterday, specifically to the London docklands Canary Wharf project – topped the most active list and declined 75 cents to HK$43.50.

MANILA went into a downward technical correction and the composite index fell 21.26 to 1,317.11. TAIWAN moved ahead in the last minutes on speculation that the government plans to offer tax incentives to stock investors. The weighted index climbed 81.56 to 4,437.63 in turnover up from T$15.18bn to T$22.67bn, following a rise of 63.61 on Saturday.

BOMBAY overcame late profit-taking to end higher in volatile trading. The BSE index rose to 3,527.21 initially before closing at 3,456.16, up 61.68.

Equities stumble at O & Y hurdle

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1992	Start of 1992	Start of 1992
Austria	-1.12	-3.53	-22.29	+6.31	+2.71	-0.12
Belgium	-0.47	+1.28	-2.26	+5.44	+2.21	-0.60
Denmark	-0.74	+1.05	-3.30	-4.17	-6.33	-8.91
Finland	+1.12	+7.73	-21.19	+13.47	+10.21	+7.16
France	-1.76	+2.20	+12.58	+14.62	+12.70	+9.60
Germany	-0.93	-1.75	+3.66	+8.95	+5.17	+2.37
Ireland	-3.28	-2.82	-2.06	+0.56	-1.83	-4.53
Italy	-4.26	-6.43	-15.67	-4.13	-6.73	-9.29
Netherlands	-1.06	-0.59	+6.58	+9.30	+5.71	+2.80
Norway	-1.71	+7.22	-13.84	+10.36	+7.53	+4.57
Spain	+2.39	+3.27	-6.56	+6.36	+5.29	+2.39
Sweden	-0.87	+1.70	+3.81	+12.27	+9.90	+6.88
Switzerland	-1.27	+3.23	+16.31	+14.87	+7.57	+4.60
UK	-1.35	+2.30	+9.45	+9.13	+9.13	+6.13
EUROPE	-1.28	+1.07	+5.85	+9.01	+7.13	+4.18
Australia	-0.20	+4.57	+7.83	+0.02	+2.57	-0.25
Hong Kong	+1.81	+11.97	+50.69	+33.56	+38.14	+34.34
Japan	-2.42	+1.69	-30.85	-22.05	-23.07	-25.19
Malaysia	-2.54	+0.43	-4.65	+2.50	+13.58	+10.46
New Zealand	+4.18	+8.56	-1.73	-0.56	+1.10	-1.68
Singapore	-0.51	+5.02	-0.92	-0.66	+1.00	-1.78
Canada	+0.38	-1.02	-2.78	-3.21	-4.31	-6.95
USA	-1.40	-1.19	+12.15	-1.51	+1.28	-0.15
Mexico	-1.25	-5.32	+68.57	+18.65	+19.54	+16.24
South Africa	+2.29	+10.96	+23.21	+7.57	+2.86	+0.03
WORLD INDEX	-1.46	+0.56	-3.85	-4.60	-4.28	-6.92

† Based on May 15th 1992. Copyright, The Financial Times Limited, Goldman, Sachs & Co. and County NatWest Securities

By Antonia Sharpe

News that Olympia & York, the Canadian property group, had filed for court protection from its creditors stopped most stock markets in their tracks, if only briefly, at the end of last week. Japan was the most affected, perhaps because it reminded investors of what could happen to Tokyo's property market.

The Nikkei average dropped 4 per cent on Friday, but earlier gains reduced the loss on the week to 2.4 per cent, according to the FT-Actuaries World Indices. This, together with a 1.4 per cent decline on Wall Street, left the World index 1.5 per cent lower.

The week's best and worst performers were provided by smaller markets. Italy fell 4.3 per cent to its lowest level since the start of the year, sinking under the weight of rights issues by companies hoping to beat a privatisation programme planned for the second half of the year. Fears ahead of Fiat's 1991 results, which proved unjustified, also contributed to the weakness.

The uncertain political situation in the wake of an inconclusive general election is likely to delay a recovery in the stock market until later in the year. But some analysts believe that the present conditions are ideal for selective bargain hunting, especially in industrial stocks which are likely to show an improvement in earnings in 1993.

Falling domestic interest rates and optimism about the forthcoming corporate results season helped New Zealand to climb 4.2 per cent on the week, and took the NZSE index to its best level so far this year.

The rest of the Pacific Rim was mixed, with Hong Kong notching up another 1.8 per cent rise for a 33.6 per cent advance since the start of 1992, while Malaysia slipped 2.5 per cent as the market corrected after three weeks of gains. However, activity is expected to pick up towards the end of the month when Tenaga Nasional, the newly privatised electricity company, is due to be listed.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY MAY 18 1992								FRIDAY MAY 15 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (69)	151.63	+0.8	122.48	123.40	125.78	132.77	+0.5	4.15	150.47	122.60	123.84	126.30	132.05	153.68	140.94	144.83
Austria (19)	171.15	+2.9	138.24	139.29	141.97	142.08	+1.9	2.06	166.33	135.53	136.90	139.62	139.49	186.70	162.48	202.56
Belgium (46)	144.81	+0.9	116.96	117.84	120.11	117.31	+0.0	5.19	143.48	116.91	118.08	120.43	117.29	145.19	135.87	136.72
Canada (115)	127.41	+0.5	102.91	103.69	105.68	110.48	+0.0	3.32	126.83	103.34	104.38	106.45	110.48	142.12	125.60	136.91
Denmark (35)	242.47	−0.4	195.85	197.33	201.12	203.47	−1.1	1.80	243.34	198.28	200.27	204.25	205.69	273.94	226.81	237.62
Finland (15)	80.27	−4.0	64.83	65.33	66.58	72.96	−5.0	1.96	83.61	68.13	68.82	70.18	76.83	89.80	73.64	114.03
France (104)	168.75	+2.4	136.31	137.33	139.97	141.82	+1.2	3.33	164.88	134.35	135.69	138.38	140.18	168.75	148.06	136.36
Germany (65)	122.99	+2.4	99.34	100.11	102.01	102.01	+1.2	2.27	120.11	97.87	98.87	100.81	100.81	122.99	114.67	109.15
Hong Kong (55)	234.27	−1.1	189.23	190.66	194.34	232.63	−1.1	3.52	236.92	193.05	194.98	198.87	235.26	238.71	176.36	161.77
Ireland (16)	163.00	+1.7	131.66	132.66	135.21	137.32	+0.9	3.93	160.21	130.54	131.85	134.47	136.07	173.71	151.78	151.71
Italy (78)	69.45	+1.6	56.10	56.52	57.61	62.29	+0.5	3.39	68.39	55.72	56.28	57.40	62.00	80.86	68.39	75.89
Japan (473)	104.59	+2.9	84.48	85.12	86.77	85.12	+1.8	1.00	101.61	82.80	83.63	85.30	83.63	140.95	88.70	136.56
Malaysia (68)	237.28	+0.3	191.66	193.10	196.82	230.06	+0.0	2.82	236.58	192.77	194.70	198.57	230.06	250.18	212.49	227.54
Mexico (18)	1604.50	−0.8	1296.00	1305.82	1330.93	5445.27	−0.8	1.05	1617.16	1317.72	1330.95	1357.40	5488.24	1789.77	1376.91	981.07
Netherland (25)	159.73	+1.8	129.02	129.99	132.49	131.00	+0.6	4.26	156.95	127.89	129.17	131.74	130.16	159.73	147.88	135.62
New Zealand (14)	46.49	+0.6	37.55	37.83	38.56	46.20	+0.6	5.54	46.19	37.64	38.02	38.78	45.91	48.52	42.01	52.66
Norway (23)	190.90	+2.1	154.20	155.37	158.36	161.30	+1.0	1.58	186.98	152.34	153.87	156.93	159.74	192.95	161.26	201.86
Singapore (38)	216.70	+0.4	175.03	176.36	179.75	162.92	+0.0	2.00	215.77	175.82	177.59	181.11	162.92	228.43	192.76	203.10
South Africa (61)	249.44	+0.2	201.48	203.00	206.90	186.41	+0.2	2.72	248.98	202.88	204.91	208.99	186.08	263.60	203.16	208.92
Spain (50)	160.85	+0.4	129.93	130.91	133.43	121.55	−0.3	4.99	160.15	130.50	131.81	134.43	121.87	160.85	146.86	160.73
Sweden (25)	199.68	+3.1	161.28	162.51	165.63	169.82	+1.8	2.66	193.60	157.75	159.34	162.50	166.87	199.68	173.09	176.32
Switzerland (60)	107.27	+2.2	86.64	87.31	88.99	97.43	+0.6	2.20	104.99	85.56	86.41	88.13	96.85	107.27	95.99	92.62
United Kingdom (228)	199.91	+1.6	161.47	162.68	165.81	161.47	+0.7	4.60	196.69	160.27	161.87	165.08	160.27	199.91	165.85	170.07
USA (522)	168.28	+0.6	135.92	136.96	139.59	168.28	+0.6	2.96	167.32	136.34	137.71	140.45	167.32	171.66	160.52	150.74
Europe (789)	156.64	+1.8	126.52	127.48	129.93	129.02	+0.8	3.80	153.87	125.38	126.64	129.16	128.04	156.64	139.31	137.46
Nordic (98)	184.59	+1.3	149.10	150.23	153.12	150.50	+0.3	2.15	182.20	148.47	149.96	152.94	150.11	188.52	169.66	176.70
Pacific Basin (717)	110.48	+2.5	89.24	89.92	91.64	90.86	+1.5	1.38	107.79	87.83	88.72	90.48	89.53	141.97	94.40	137.47
Euro – Pacific (1506)	129.16	+2.2	104.33	105.11	107.13	106.64	+1.1	2.54	126.43	103.02	104.05	106.12	105.44	145.21	113.80	137.80
North America (637)	165.71	+0.6	133.85	134.88	137.48	164.34	+0.5	2.98	164.78	134.27	135.63	138.33	163.45	169.69	156.70	149.81
Europe Ex. UK (561)	131.00	+1.9	105.82	106.64	108.69	110.34	+0.8	3.18	128.53	104.73	105.80	107.91	109.50	131.00	121.81	117.82
Pacific Ex. Japan (244)	168.55	−0.1	136.15	137.20	139.83	149.74	−0.2	3.63	168.67	137.44	138.84	141.59	150.07	169.97	149.00	145.66
World Ex. US (1700)	131.38	+2.0	106.12	106.93	108.98	108.93	+1.1	2.56	128.77	104.93	105.99	108.09	107.79	146.91	116.45	138.97
World Ex. UK (1994)	137.46	+1.4	111.03	111.88	114.03	123.78	+0.9	2.47	135.54	110.44	111.56	113.78	122.70	150.58	127.21	139.18
World Ex. So. Af. (2161)	142.12	+1.5	114.80	115.68	117.90	126.75	+0.9	2.72	140.08	114.14	115.30	117.59	125.65	153.05	130.04	141.48
World Ex. Japan (1749)	164.32	+1.0	132.73	133.74	136.32	151.52	+0.6	3.29	162.76	132.63	133.97	136.64	150.67	164.54	153.20	146.00
The World Index (2222)	*142.83*	*+1.4*	*115.37*	*116.25*	*118.49*	*127.29*	*+0.9*	*2.72*	*140.80*	*114.73*	*115.89*	*118.19*	*126.20*	*153.70*	*130.68*	*141.89*

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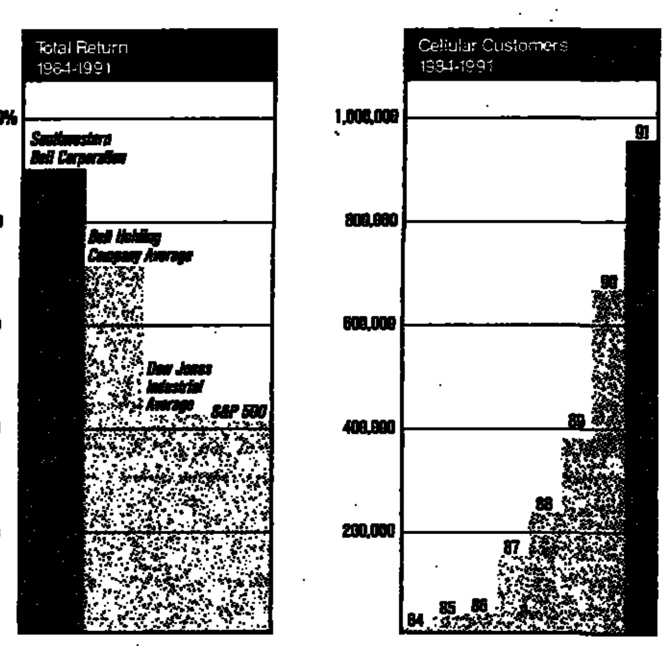
Markets closed May 18: Canada, Malaysia and Singapore.



A graphic description of positive performance by Southwestern Bell.

Southwestern Bell Corporation is finding many healthy growth prospects in the business it knows best. Communications.

Our telephone company provides the Corporation with a strong core business, serving more than 9.6 million customers in Arkansas, Kansas, Missouri, Oklahoma and Texas.

In addition to this core business, the Corporation is pursuing an aggressive program of investing in communications opportunities in the U.S. and internationally.

One example is our cellular operation, which increased its subscriber base by more than 40 percent in 1991. It has virtually the highest market penetration rate in the U.S. Another is our substantial equity investment in publicly and privately held shares of Teléfonos de México. Telmex A shares have appreciated 200 percent since 1990.

Since becoming an independent company in 1984, SBC had a total return (stock price appreciation plus dividends) through 1991 of 326 percent, the highest of any Bell Holding Company. SBC ranks 29th on the 1992 Forbes "Super 50" list.

To examine our performance for yourself, please call or write our representatives listed below.

Southwestern Bell Corporation

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Southwestern Bell Corporation is listed on the New York, Midwest and Pacific stock exchanges in the U.S. and in London, Zurich, Geneva and Basel.

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